

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name County of Newaygo	County Newaygo
Fiscal Year End September 30, 2007	Opinion Date January 17, 2008	Date Audit Report Submitted to State February 12, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

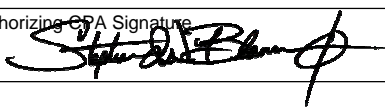
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit Report		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number (616) 975-4100		
Street Address 2330 East Paris Ave., SE		City Grand Rapids	State MI	Zip 49546
Authorizing CPA Signature 		Printed Name Stephen W. Blann, CPA, CGFM		License Number 24801

COUNTY OF NEWAYGO, MICHIGAN



ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2007

COUNTY OF NEWAYGO, MICHIGAN
Annual Financial Report
For the Year Ended September 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
 <i>INTRODUCTORY SECTION</i>	
List of Elected Officials	i
Letter of Transmittal	ii-x
Statement of Management's Responsibility for Financial Statements.....	xi
Acknowledgement	xii
 <i>FINANCIAL SECTION</i>	
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities.....	15-16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	21-23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – County Jail	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Revenue Sharing Reserve Fund	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds.....	28
Statement of Fiduciary Assets and Liabilities	29
Component Unit Financial Statements:	
Combining Statement of Net Assets	30
Combining Statement of Activities.....	31

COUNTY OF NEWAYGO, MICHIGAN
Annual Financial Report
For the Year Ended September 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
Notes to the Financial Statements	32-53
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	55
Combining Balance Sheet – Nonmajor Special Revenue Funds	56-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	61-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	66-85
Combining Balance Sheet – Nonmajor Debt Service Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	87
Combining Balance Sheet – Nonmajor Capital Project Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	89
Combining Statement of Net Assets – Nonmajor Enterprise Funds	90-91
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	92-93
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	94-95
Combining Statement of Net Assets – Internal Service Funds	96-99
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	100-103
Combining Statement of Cash Flows – Internal Service Funds	104-111
Combining Balance Sheet – Fiduciary Funds	112
Combining Statement of Changes in Assets and Liabilities – Agency Funds	113-114
Drain Commission Component Unit:	
Balance Sheet	115-116
Reconciliation of Fund Balances on the Balance Sheet for Component Unit Funds to Net Assets of Governmental Activities on the Statement of Net Assets	117
Statement of Revenues, Expenditures and Changes in Fund Balances	118-119
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Component Unit Funds to the Statement of Activities	120

COUNTY OF NEWAYGO, MICHIGAN

List of Elected Officials

September 30, 2007

COMMISSIONERS

Julia Bird, District 1
Chuck Trapp., District 2
Stanley J. Nieboer, District 3
Bob VanBelzen., District 4

Adam Wright, District 5
Pat Gardner, District 6
Daniel Powell, District 7

COUNTY OFFICIALS

Laurel J. Breuker, Clerk
Holly Moon, Treasurer
Normal L. Ochs, Surveyor
Cynthia J. Sullivan, Drain Commissioner

Chrystal Roach, Prosecutor
Linda M. Landheer, Reg. of Deeds
Michael S. Mercer, Sheriff

DISTRICT COURT JUDGE

H. Kevin Drake

CIRCUIT COURT JUDGES

Anthony A. Monton, Chief Judge
Terrance R. Thomas

PROBATE COURT JUDGE

Graydon W. Dimkoff



Office of Administration

P.O. BOX 885
1087 NEWELL
WHITE CLOUD, MICHIGAN 49349
FAX (231) 689-7205

January 17, 2008

Board of Commissioners and the citizens of the County of Newaygo:

The Annual Financial Report of the County of Newaygo, Michigan, for the fiscal year ended September 30, 2007 is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson, an independent firm of certified public accountants. The report is prepared for the purpose of disclosing the county's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable state statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the county. As management, we believe that the data, as presented, is accurate in all material aspects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the county as measured by the financial activity of its funds.

The independent audit of the financial statements of the County of Newaygo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Newaygo's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Newaygo's MD&A can be found immediately following this letter.

NEWAYGO COUNTY AND ITS SERVICES

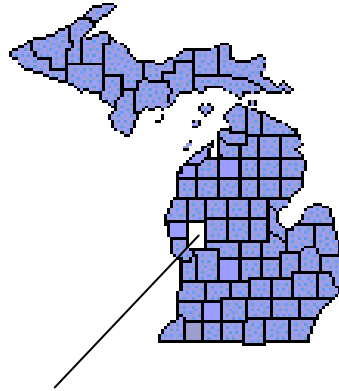
General Information

Until 1836, the Newaygo area was inhabited by mainly Native Americans. The lumbering industry took its foothold in the territory at this time and began drawing people into the area. In 1851, Newaygo became an official county of the State of Michigan. The estimated 2006 population was 49,840 with substantial growth expected for future years. Newaygo County encompasses an area of approximately 842 square miles and is located in the western Lower Peninsula. The county is comprised of 4 cities, 1 village, and 24 townships.

Newaygo County by Commissioner



The county is located in the west-central part of Michigan's Lower Peninsula. With 234 natural lakes and ponds, 356 miles of rivers and streams, and 349,132 acres of forest land, Newaygo County has become a prime area for recreational activities including hunting, fishing, canoeing/boating, hiking and camping. The county is also located in close proximity to the City of Grand Rapids, and has recently become a part of the Grand Rapids Metropolitan Statistical Area.



Newaygo County

The Board of Commissioners is the governing board and policy-making body of the County of Newaygo. While many of its powers, duties and responsibilities are prescribed by law, and diffused through the wide-spread use of commissions, boards, committees, and independently elected county officials, the board is in charge of approving county policy and the budget as well as oversight of the County Administrator. The County Administrator is responsible for carrying out the policies, motions, resolutions and ordinances of the Board of Commissioners, for overseeing day-to-day operations of the governmental unit, and for appointing and supervising the heads of various departments. The Board of Commissioners is a seven-member board that is elected from single-member districts, determined by population, on a two-year term, partisan basis. From within its ranks, the board elects a Chairman and Vice-Chairman.

The financial reporting entity of the County of Newaygo includes all funds and account groups of the primary government as well as many of its component units. Component units are legally separate entities for which the primary government is financially accountable. The County provides a full range of services that are either mandated by State statute, or authorized by the County Board of Commissioners. These services include legislative, judicial, public safety, public works, health, welfare, cultural, recreational, capital improvements, and general administrative services including vital statistics and record keeping for births, deaths, and property.

The county adopts its annual budget in accordance with the State Uniform Budgeting and Accounting Act. The general, special revenue and debt service funds are under formal budgetary control. All departments and budgetary centers of the county are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the county's fiscal year. The appropriated budget is prepared by activity and line-item within each fund and department. Budget amendments and transfers of appropriations less than \$25,000 require Administrator approval. Board approval is required for all others.

ECONOMIC OVERVIEW OF NEWAYGO COUNTY

The expansion and diversification of the Newaygo County economy continued in 2007 as employment, population and property values continued to climb. In general, the economic condition of the county is strong, especially in light of negative trends in manufacturing employment at the national and state level. Some of the highlights of the year include:

- Continued strong growth in population
- Strong increase in the number of residents with a job
- Trend in a decline in the unemployment rate since 2003
- Strong retention of existing manufacturing jobs
- Strong growth in equalized valuations

Agriculture as a Key Industry

For Newaygo County, and many of our rural counties throughout the state, agriculture is a key industry. Agriculture is the biggest industry in Newaygo County, with tourism being a close second. Annually, Newaygo County farms produce over \$60 million in sales, nearly three times the rate of the state on a per capita basis. In addition, the county's single largest employer is engaged in agricultural food processing and it is estimated that at least 20 percent of Newaygo County's direct economic output is tied to the agriculture. However, the indirect impact of the dollars circulating through the economy would raise the percentage even higher.

Gerber Products, known throughout the world for baby food, is the county's largest employer and is in the agricultural food processing business. Gerber began as a family owned business in Fremont, Michigan in 1928. In the fall of 2007 Gerber Products, headquartered in New Jersey, was sold by Novartis, a multi-national corporation headquartered in Switzerland, to Nestle, the world's largest food company. They employ over 1,200 workers, including Gerber Life Insurance.

Population

Newaygo County has been and continues to be one of the fastest growing counties in the nation and State of Michigan. From 1990 to 2000, the population of Newaygo County grew from 38,206 to 47,874, an increase of 9,668 or 25.3 percent. It is important to note, that during the 1990's, only 249 counties in the U.S. (out of 3,141) grew at a faster rate and added more people than Newaygo County. In Michigan, only two counties grew faster and added more people during this period.

Recent estimates put the July 1, 2006 population of Newaygo County at 49,840. This is an increase of 4.1 percent since the 2000 Census and represents a growth rate that is more than twice as fast as the state, and just slightly below the nation. The strong population growth of the past 10+ years is reflective of the outstanding quality of life that Newaygo County offers.

Employment

Employment trends in Newaygo County continue to be positive especially in light of the continued slump in the manufacturing sector across the nation and within the state.

During 2006, employment based on residence in Newaygo County grew by 146 to a level of 21,965. This represents an increase over the previous year of 0.7 percent. The number of unemployed residents fell by 49 during the year. The combination of job growth and a reduction in the number of unemployed persons lead to a decrease in the County's unemployment rate for the third straight year from 7.4 percent in 2005 to 7.2 percent in 2006. Newaygo County's unemployment rate in 2006 remained slightly above the state and national rate of 6.9 percent and 4.6 percent, respectively.

Given Newaygo County's close proximity to major employment centers in Grand Rapids and Muskegon, it is not surprising that almost half of the labor force living in Newaygo County work outside the county borders. Although some of this can be attributable to people moving to Newaygo County and keeping their jobs in other employment centers, job growth as measured by the place of business has been very strong in Newaygo County over the last 10+ years. A study by Wayne State University showed that of the State of Michigan's 83 counties, Newaygo County was one of only 19 (9th overall) to add jobs from 2000 to 2003.

Since 1999, manufacturing employment in the United States has fallen by about 24 percent and has dropped 34 percent in the State of Michigan. In contrast, manufacturing in Newaygo County has fallen just 6 percent during this same period. However, given this slight drop, manufacturing employment in Newaygo County still remains at or above 1990 levels. These items are attributable to a diversified manufacturing base and a strong retention program. Manufacturing employment within the county has been bolstered by concentrating on the manufacture of goods that weren't hit as hard by recent recessions and also by a strong retention program through the Newaygo County Economic Development Office (NCEDO) in partnership with state and local officials.

Employment performance in Newaygo County can be summarized as follows:

- Impressive employment growth as measured by both place of residence and place of business
- Strong overall manufacturing trends
- Relatively high, but declining, unemployment rate that is primarily due to strong local labor force growth over the last few years.

Major Employers

<i>Employer</i>	<i>City</i>	<i>Product/Service</i>	<i>Employees</i>
Gerber Products	Fremont	Baby Food	1,000
Gerber Memorial Health Services	Fremont	Health Care Services	550
Magna Donnelly Corporation	Newaygo	Automotive Doors & Mirrors	505
Dura Automotive	Fremont	Metal Stampings & Assemblies	375
Wm Bolthouse Farms	Grant	Vegetables	250 Seasonal
County of Newaygo	White Cloud	County Government	200
Wal-Mart	Fremont	Retail Department Store	195
Gerber Life Insurance Company	Fremont	Life Insurance	165
Newaygo Medical Care Facility	Fremont	Health Care Services	150
North American Refractories	White Cloud	Refractory Products & Furnace Linings	125
Pine Medical Group	Fremont	Health Care Services	110
Transitional Health Services	Fremont	Health Care Services	105
Valspar (Lilly) Industries	Fremont	Lubricants & Oil Additives	100
TOTAL EMPLOYERS	13	TOTAL EMPLOYEES	3,830

Source: Michigan Works! West Central

Property Values

According to the State of Michigan Department of Treasury, equalized values (50 percent of full market value) increased by 5.6 percent in Newaygo County in 2006 compared to 5.0 percent for the state. Since 1999, equalized values in Newaygo County have grown 84.4 percent, significantly higher than the state growth rate of 67.2 percent.

Equalized values on a per capita basis were \$37,263 in 2006, compared to \$43,121 for the state. However, much of the differential between Newaygo County and the state is in commercial and industrial property values and is fairly typical for a rural county. Commercial development typically follows population growth and Newaygo County is beginning to see an increase in commercial developments. In recent years, a new Wal-Mart Supercenter has been built in Fremont and several new multi-use developments are underway in the City of Newaygo.

Technology

Newaygo County is fortunate to be one of the most technologically advanced rural areas in the country. A fiber optic cable telecommunication network exists that supports data, video, and voice communication capabilities that are available to all county residents. The network connects schools, municipal buildings, libraries, the hospital, private non-profit agencies, and area businesses making accessible universal Internet connectivity, technology labs, two-way interactive video classrooms, and telecommunications services. In addition, broadband internet connections are available in most areas of the county through cable, DSL and wireless service.

Future Prognosis

Recovery from the state recession that started in the first quarter of 2001 has been delayed in part due to uncertainties stemming from the war in Iraq, including the possibility of terrorists' attacks here in the U.S., and the increasing price of oil, as well as fundamental changes in the way goods are manufactured. There are four main factors that could further affect the state's economy over the next few years: 1) continuing conflict in the Middle East; 2) minimal consumer spending; 3) delays in revamping from a manufacturing state to a knowledge-based services state; and 4) a continued stagnate real estate market.

The federal and state budget deficits continue to remain at a crisis level and therefore the shifting of activities and requirements to the local level continues to be an issue. Newaygo County continues to experience a significant loss in support, but not a reduction in requirements regarding the delivery of services. The elimination of State Revenue Sharing and other reductions at both the state and federal levels have had disastrous effects on local governments throughout the state and Newaygo County certainly has felt these changes.

However, the difficult decisions in the past years, relative to reductions in spending and other proactive fiscal policies by the Board of Commissioners and Administration have begun to lay the ground work for a viable future for the county. Although the state has given mixed signals regarding the reimplementation of revenue sharing for counties, the county has already begun to reduce costs and streamline services in preparation for the possibility that the funding will not be replaced. Although these changes will take years to fully implement and come to fruition, management is confident that they will help make the County of Newaygo more efficient and better suited to continue to provide public services on the limited resources anticipated in the future. Unfortunately, one thing is certain, should revenues continue to decrease, inevitably, corresponding reductions in services will follow.

MAJOR INITIATIVES

Facility and Equipment Improvements

In the past year, the County has either funded or is in the process of funding several equipment or facility initiatives:

- The completion of the expansion project for the Health Services Building at a construction cost of \$1,868,385.
- Re-roofing project for the Sheriff Department Building at cost of \$13,425.
- Critical improvements and repairs at Diamond Lake Park at a cost of \$13,324.
- Upgrade to Postage Machine due to postal requirement changes at a cost of \$3,612.
- Purchase of three (3) new copiers at a cost of \$31,780.
- Purchase of seven (7) new vehicles (1-FOC and 6-Sheriff) at a cost of \$130,994.
- Purchase of one (1) bus and (3) vans along with conversion packages for Commission on Aging at a cost of \$141,660.
- Purchase of a new boat for the Marine Safety Program at a cost of \$13,998.
- Purchase of a new microfilm reader/printer for Probate Court at a cost of \$4,650.

- Purchase of a new cremator for the Animal Control Department at a cost of \$9,855.
- Purchase of 33-ft trailer for Emergency Services at a cost of \$2,700.
- Purchase of new shelving for Liber Books in the Register of Deeds Office at a cost of \$30,500.

Technology Updates and Program Improvements

In the past year, the County has either funded or is in the process of funding several technology updates and program improvements:

- Purchase of digital video systems and server/backup hardware for the Sheriff Department at a cost of \$101,494.
- Update of the County Clerk's Vital Records System at a cost of \$11,300.

Respectfully submitted,



Tobi G. Lake
Administrator

**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Responsibility for the integrity of the financial data presented rests with the County. I believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county governments and State statutes.

The County maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the County.

Rehmann Robson, the County's independent certified public accountants, have audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Rehmann Robson's opinion is included in the financial section of this report.

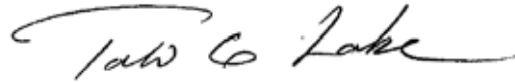


Tobi G. Lake
Administrator

ACKNOWLEDGEMENT

I would like to express our gratitude to all members of the Newaygo County Board of Commissioners for their interest and support in planning and conducting financial operations of the County of Newaygo in a responsible and progressive manner.

Sincerely,

A handwritten signature in black ink, reading "Tobi G. Lake". The signature is fluid and cursive, with a large initial "T" and "L".

Tobi G. Lake
Administrator

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

January 17, 2008

The Board of Commissioners
County of Newaygo, Michigan
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Newaygo, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note I.A. to the financial statements, management has elected to omit the financial position and results of operations of the Newaygo County Road Commission and Medical Care Facility from the County's financial statements. Accounting principles generally accepted in the United States of America require that these two entities be included in the County's financial statements as discretely presented component units. The amount by which this departure would affect the assets, net assets, and revenues of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the Newaygo County Road Commission and Medical Care Facility, as described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the County of Newaygo County, Michigan as of September 30, 2007, or the changes in financial position for the year then ended.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newaygo, Michigan, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2008, on our consideration of the County of Newaygo, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Newaygo, Michigan. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section, as listed in the table of contents, was not audited by us and, accordingly, we do not express an opinion on it.

A handwritten signature in cursive script, reading "Lehmann Johnson".

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the County of Newaygo, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ii-x, of this report.

FINANCIAL HIGHLIGHTS

- 1 The assets of the County exceeded its liabilities at the close of the 2006-2007 fiscal year by \$23,968,192 (net assets). Of this amount, \$14,803,118 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- 2 When utilizing the Non-GAAP Budgetary Basis, at the end of the 2006-2007 fiscal year, unreserved and undesignated fund balance for the general fund was \$1,887,708 or 15% of expenditures (including operating transfers). The amount for the 2005-2006 fiscal year was \$1,165,474 or 9.7% and \$1,074,508 or 8.3% of expenditures for fiscal year 2004-2005.
- 3 As of the close of the 2006-2007 fiscal year, the County's governmental funds reported combined ending fund balances of \$7,903,671. Approximately 90% of this total amount or \$7,084,820 is available for spending at the government's discretion (unreserved and undesignated fund balance).
- 4 The 2006-2007 fiscal year audit classifies billed, but unpaid property taxes as deferred revenues. Therefore, there are significant changes in the fund balances of the General Fund when compared to previous years and a budgetary/accounting basis reconciliation has been included for clarification.
- 5 At the end of the 2006-2007 fiscal year, unreserved and undesignated fund balance for the general fund was \$1,200,293 or 9.61% of total general fund expenditures (including operating transfers).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of five components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, (3) Component Unit Financial Statements, and (4) Notes to the Financial Statements (5) Other Information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Newaygo County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, community and economic development, and other functions. The business-type activities include the administration of the delinquent property tax system, public works projects, and the building authority.

The government-wide financial statements include not only the County itself (known as the primary government), but also includes two legally separate entities: Newaygo County Central Dispatch Authority (E-911) and the Drain Commission. Financial information for the component units are reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, county jail, revenue sharing reserve, and medical care facility construction funds, each of which is considered to be a major fund. The non-major governmental funds are split into 4 debt service, 5 capital projects, a permanent/cemetery trust, and 32 special revenue funds. Data for the non-major funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue, debt service, capital projects and permanent funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 17-25 of this report.

Proprietary funds. The County maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County maintains nine enterprise funds. The 2000 and prior delinquent tax revolving, 2006 delinquent tax revolving, and sanitary sewer construction funds are classified as major funds. The remaining 5 are non-major funds and are used to account for the delinquent tax revolving funds for the years 2001, 2002, 2003, and 2004, 2005, and to account for the building authority.

The County maintains internal service funds to account for and allocate costs internally among the County's various functions. The County uses 24 internal service funds to account for functions such as economic development, building demolition, information services, duplicating, drains, purchasing, telecommunications, motor/equipment pool, food services, building and grounds, contingencies, campus security and protected self-funded benefits and insurances (both liability and employee fringe benefits and insurances). Because these services predominantly benefit governmental functions, they have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 29 of this report.

Component Unit Financial Statements. Component units are legally separate entities for which the County is financially accountable. Although Newaygo County has four component units, due to the lack of available financial data the County has elected to omit both the Newaygo County Road Commission and the Newaygo County Medical Care Facility.

The remaining component units, The Newaygo County Drain Commission and the Newaygo County Central Dispatch Authority are discretely presented. The Dispatch Authority operates the emergency-911 service for the County Board of Commissioners and it is financially accountable to the County.

Pursuant to the Michigan Drain Code of 1956 all drain districts are legally separate entities and are financially accountable to the County. Therefore, the various drainage districts, the drain revolving fund and the different lake associations are listed under the Drain Commission as a discretely presented component unit.

The component unit financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-53 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This is limited to combining statements and schedules. Combining and individual fund statements and schedules can be found on pages 54-114 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Newaygo County, assets exceeded liabilities by \$23,968,192 at the close of the most recent fiscal year.

Newaygo County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 15,288,500	\$ 17,154,109	\$ 17,832,764	\$ 17,424,138	\$ 33,121,264	\$ 34,578,247
Capital assets, net	14,096,557	12,806,128	6,234	8,015	14,102,791	12,814,143
Total assets	29,385,057	29,960,237	17,838,998	17,432,153	47,224,055	47,392,390
Liabilities						
Long-term liabilities	12,055,453	12,538,947	7,094,180	7,489,180	19,149,633	20,028,127
Other liabilities	1,161,594	1,169,124	2,944,636	2,683,541	4,106,230	3,852,665
Total liabilities	13,217,047	13,708,071	10,038,816	10,172,721	23,255,863	23,880,792
Net assets						
Invested in capital assets, net of related debt	2,656,557	5,368,858	6,234	8,015	2,662,791	5,376,873
Restricted	6,502,283	5,279,766	-	-	6,502,283	5,279,766
Unrestricted	7,009,170	5,603,542	7,793,948	7,251,417	14,803,118	12,854,959
Total net assets	\$ 16,168,010	\$ 16,252,166	\$ 7,800,182	\$ 7,259,432	\$ 23,968,192	\$ 23,511,598

The largest amount of County assets is cash and investments with capital assets a very close second. This level of cash and investments is considered favorable as most entities report capital assets as their largest asset.

Capital assets include land, buildings, vehicles and equipment less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt should be provided from other sources, since the capital assets themselves cannot readily be used to liquidate these liabilities. The County levies dedicated millages in the winter (December) and, in accordance with State statute, has shifted the County's general operating tax levy from the winter to the summer (July). The shift started with a 1/3rd levy in July 2005 and was completed in July 2007.

In addition to the net assets invested in capital assets, net of debt, certain other restrictions on the use of net assets apply due primarily to legal guidelines. These restricted net assets total \$6,502,283. The remaining balance of *unrestricted net assets* (\$14,803,118 or 62%) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

Newaygo County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$ 5,930,448	\$ 5,764,183	\$ 1,530,305	\$ 1,729,671	\$ 7,460,753	\$ 7,493,854
Operating grants and contributions	4,199,980	4,379,809	-	-	4,199,980	4,379,809
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	11,517,352	10,610,154	62,194	(34,268)	11,579,546	10,575,886
Grants and contributions not restricted to specific programs	334,841	323,430	-	-	334,841	323,430
Unrestricted investment earnings	669,940	561,975	363,494	275,601	1,033,434	837,576
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>22,652,561</u>	<u>21,639,551</u>	<u>1,955,993</u>	<u>1,971,004</u>	<u>24,608,554</u>	<u>23,610,555</u>
Expenses						
Legislative	301,992	288,819	-	-	301,992	288,819
Judicial	3,312,533	3,268,793	-	-	3,312,533	3,268,793
General government	4,296,425	4,001,688	-	-	4,296,425	4,001,688
Public safety	6,222,971	6,763,822	-	-	6,222,971	6,763,822
Public works	50,866	150,476	-	-	50,866	150,476
Health and welfare	8,137,678	10,337,661	-	-	8,137,678	10,337,661
Recreation and cultural	342,021	265,399	-	-	342,021	265,399
Other governmental activities	339,199	358,887	-	-	339,199	358,887
Interest on long-term debt	485,342	397,955	-	-	485,342	397,955
Delinquent tax collections/forfeitures	-	-	262,796	854,035	262,796	854,035
Building authority	-	-	111,293	109,258	111,293	109,258
Public works projects	-	-	288,844	302,103	288,844	302,103
Total expenses	<u>23,489,027</u>	<u>25,833,500</u>	<u>662,933</u>	<u>1,265,396</u>	<u>24,151,960</u>	<u>27,098,896</u>
Change in net assets before transfers	(836,466)	(4,193,949)	1,293,060	705,608	456,594	(3,488,341)
Transfers	<u>752,310</u>	<u>293,707</u>	<u>(752,310)</u>	<u>(293,707)</u>	<u>-</u>	<u>-</u>
Change in net assets	(84,156)	(3,900,242)	540,750	411,901	456,594	(3,488,341)
Net assets, beginning of year	<u>16,252,166</u>	<u>20,152,408</u>	<u>7,259,432</u>	<u>6,847,531</u>	<u>23,511,598</u>	<u>26,999,939</u>
Net assets, end of year	<u>\$ 16,168,010</u>	<u>\$ 16,252,166</u>	<u>\$ 7,800,182</u>	<u>\$ 7,259,432</u>	<u>\$ 23,968,192</u>	<u>\$ 23,511,598</u>

The Statement of Activities shows that the primary government's net assets increased by \$456,594 in 2007. This change is due to an increase in revenues from property taxes and a decrease in the amount of annual expenditures.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier the County of Newaygo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in accessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County general fund is the chief operating fund of the County. When utilizing the Non-GAAP Budgetary Basis, at the end of the 2006-2007 fiscal year, the County's ending fund balance for the general fund was \$1,887,708.

When the funds are looked at individually, using the non-GAAP budgetary basis, we find the general fund added over \$722,000 to fund balance. Non-major funds decreased their collective fund balances from \$4,014,010 at the beginning of the year to an ending balance of \$3,086,671.

Revenues

Program charges for services

Program charges for services in the governmental funds totaled \$5,427,432. The amount was generated by general fund charges of \$2,357,430, county jail fund charges of \$1,618,749, and non-major fund charges of \$1,451,253. The total marks an increase from the previous year, which reported \$5,345,296 from charges for services.

Program operating grants and contributions

A major portion of this activity is generated in the general fund consisting of the court equity funds and of the special revenue fund amounts like friend of the court, community development, child care and social services. Program operating grants and contributions decreased \$200,508 over the previous fiscal year.

Property taxes

On a budgetary basis, taxes totaled \$11.5 million in 2007, compared with \$10.6 million in 2006, \$9.7 million in 2005 and \$7.2 million in 2004. A large part of the increase is due to gains throughout the County in taxable value from new construction.

Investment earnings

Investment earnings within the general fund increased in 2007 from \$235,830 in 2006 to \$335,655. These increases were attributable to renewed efforts to maximize the returns in investments and the emergence of stronger financial markets.

Expenditures

Legislative Expenditures

Legislative expenditures were \$309,502.

Judicial Expenditures

Judicial expenditures were \$3,372,635 which included general fund expenditures and non-major other governmental funds. The main components of the expenditures were:

General Fund	\$2,590,613
Non major	782,022

The judicial expenditures were 21% of the total expenditures for the general fund (including operating transfers). The percentage is consistent with the previous years' totals.

General Government Expenditures

General government expenditures were \$3,637,417. Within the general fund the general government category totaled \$3,437,067, equating to 28% of the total expenditures (including operating transfers). This presented total is consistent with previous years'. Some of the departments included within the general government category include the Prosecutor, Administrator, Accounting, County Clerk, Budget, Treasurer, Equalization, Personnel, and Payroll. The largest expenditure within the general government category is the Prosecutor at \$708,731 approximately 19% of the total.

Public Safety Expenditures

Public safety expenditures totaled \$6,538,072 of which \$845,811 was in the general fund. Larger amounts in the non-major governmental funds represent the Sheriff's road patrol in the amount of \$1,458,415; the Building Inspection Department at \$409,880; the Animal Control Department at \$168,812; the Transportation Fund for the Jail at \$153,711; County Jail Trustee Management at \$125,529; and Emergency Services at \$95,809.

Public Works Expenditures

Public works expenditures were \$195,644. The public works expenditures reflect an increase from the previous year of \$45,168.

Health and Welfare Expenditures

Health and welfare expenditures totaled \$4,639,918. The general fund amount was \$763,735; The major expenditure items in that category involved the Commission on Aging at \$1,631,553, Social Services at \$587,549, and Child Care at \$1,501,849.

Community and Economic Development Expenditures

Community and economic development expenditures were \$345,092 which includes programs related to economic development, energy grants, planning and zoning, land use, and senior citizens handicap grants and loans. These programs relate to either housing projects for senior citizens and low income individuals, activity to expand the economic activity within the County, or land use and planning issues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund amended budget revenues reflect anticipated revenue as a result of a change in State statute. Just prior to the beginning of the 2004-2005 fiscal year, legislation was passed that eliminated state revenue sharing payments and required a shifting of the tax levy. The legislation mandated a full winter levy in December of 2004 and a one-third levy in July of 2005. Every year after an additional one-third levy was moved, until 2007, when the entire levy was on the summer tax levy. The mandate called for a cut in revenue sharing payments and the establishment of a designated fund for the extra three one-third levies. The amended budget reflects the County's reactions to those items.

Budget variances for the 2006-2007 fiscal year were attributable to revenues being larger than anticipated and expenditures being less. A few significant variances worth noting are listed below:

- Conservative budgeting of property tax revenues resulted in an additional \$165,000 of revenue over the amended budget.
- Circuit Court Juvenile Division did not fill two vacant positions for a large portion of the year. The Office Manager and Deputy Director positions attributed to the \$74,278 savings in the Circuit Court's expenditures.
- The Accounting and Budgeting Department saved nearly \$38,000 due to restructuring and the vacancy of the Grants Manager position for a portion of the year.
- Many departments had savings in their expenditures due to the approved budgets including 3% COLA wage increases for Unclassified and Teamster employees and the employees actually receiving a smaller amount.

In the coming years, recent changes in the State of Michigan statutes will make it more difficult to budget the amount of anticipated property taxes. Annual budgets will be forced to predict the taxable value and subsequent Headlee Rollback well over a year prior to the numbers being known. This will cause more conservative estimates of the anticipated property tax revenue and a greater disparity between the budgeted and actual figures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2007 amounted to \$14,096,557 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles.

Some of the capital assets included:

- The completion of the expansion project for the Health Services Building at a construction cost of \$1,868,385.
- Re-roofing project for the Sheriff Department Building at a cost of \$13,425.
- Critical improvements and repairs at Diamond Lake Park at a cost of \$13,324.

- Upgrade to Postage Machine due to postal requirement changes at a cost of \$3,612.
- Update of the County Clerk's Vital Records System at a cost of \$11,300.
- Purchase of three (3) new copiers at a cost of \$31,780.
- Purchase of seven (7) new vehicles (1-FOC and 6-Sheriff) at a cost of \$130,994.
- Purchase of one (1) bus and three (3) vans along with conversion packages for Commission on Aging at a cost of \$141,660.
- Purchase of one (1) new boat for the Marine Safety Program at a cost of \$13,998.
- Purchase of new microfilm reader/printer for Probate Court at a cost of \$4,650.
- Purchase of new cremator for the Animal Control Department at a cost of \$9,855.
- Purchase of 33-ft trailer for Emergency Services at a cost of \$2,700.
- Purchase of digital video systems and server/backup hardware for the Sheriff Department at a cost of \$101,494.
- Purchase of new shelving for Liber Books in Register of Deeds at a cost of \$30,500.

* Estimated Cost

County of Newaygo's Capital Assets (Net of Depreciation)

	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
Land and land improvements	\$ 1,221,284	\$ 1,241,871	\$ 1,259,331	\$ 1,2674,361
Buildings and Construction	11,669,346	10,509,914	10,467,570	10,725,769
Office Equipment	907,357	862,999	991,338	949,109
Vehicles	298,570	191,344	200,152	200,057

Additional information on the County's capital assets can be found in note I.D.4 on page 37 and note III.E on pages 45-47 of this report.

Long-term debt

At the end of the current fiscal year, the County had outstanding bonds in the amount of \$18,534,180 (\$11,440,000 governmental activities and \$7,094,180 business-type activities). At a minimum, all the bonds are backed by the County's faith and credit.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.F beginning on page 47 of this report.

ECONOMIC FACTORS AND BUDGETS AND RATES FOR FISCAL YEAR 2008

The following factors were considered in preparing the County's budget for the 2008 fiscal year.

- The deterioration of the State's economy will likely result in additional decreases in state funding. The actual magnitude of the decrease will depend on the economy within the State of Michigan and continued budgetary cuts at the federal level.
- Decreased revenues from the District Court and the Register of Deeds Office.
- With the property tax levy for the general fund shifting to the summer levy, at budget time Administration is forced to predict the taxable value, including new construction, of the County as well as the anticipated Headlee Rollback over a year in advance.

Highlights of the 2007-2008 budget are as follows:

- Cost reductions throughout many facets of the budget.
- Budget balanced without the use of significant amounts of delinquent tax funds.
- Renewed efforts to attain the most accurate portrait of revenues and expenditures in the budget development phases.
- Increased per diems in the jail's revenue due to a renegotiation with the US Marshall's Service to house federal inmates. The expenditures reflect the addition of one full-time officer.
- \$37,000 budget for the replacement of computers.
- Savings of approximately \$10,000 over previous years for mechanical maintenance service contracts for the County's HVAC systems.
- Funds transferred to the Budget Stabilization and Capital Projects Funds in preparation of the State not reinstituting revenue sharing.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tobi G. Lake, Administrator, 1087 Newell Street, P.O. Box 885, White Cloud, Michigan 49349.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

Statement of Net Assets

September 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,616,308	\$ 4,453,020	\$ 13,069,328	\$ 391,922
Investments	2,829,440	3,067,363	5,896,803	-
Receivables	3,419,719	10,055,840	13,475,559	623,969
Advance to component units	300,000	117,541	417,541	-
Internal balances	(139,000)	139,000	-	-
Prepaid items and other assets	262,033	-	262,033	-
Capital assets not being depreciated	1,052,586	-	1,052,586	-
Capital assets being depreciated, net	13,043,971	6,234	13,050,205	401,451
Total assets	29,385,057	17,838,998	47,224,055	1,417,342
Liabilities				
Accounts payable	1,161,594	144,636	1,306,230	21,216
Advance from primary government	-	-	-	417,541
Note payable	-	2,800,000	2,800,000	-
Long-term liabilities:				
Due within one year	643,637	420,000	1,063,637	-
Due in more than one year	11,411,816	6,674,180	18,085,996	-
Total liabilities	13,217,047	10,038,816	23,255,863	438,757
Net assets				
Invested in capital assets, net of related debt	2,656,557	6,234	2,662,791	401,451
Restricted for:				
Property tax acceleration	3,562,363	-	3,562,363	-
Community and economic development	857,199	-	857,199	-
Health and welfare	694,955	-	694,955	-
Other state mandated programs	353,362	-	353,362	-
Public safety	171,740	-	171,740	-
Debt service	167,933	-	167,933	-
Capital projects	694,731	-	694,731	-
Unrestricted	7,009,170	7,793,948	14,803,118	577,134
Total net assets	\$ 16,168,010	\$ 7,800,182	\$ 23,968,192	\$ 978,585

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 301,992	\$ 21	\$ -	\$ (301,971)
Judicial	3,312,533	845,388	891,393	(1,575,752)
General government	4,296,425	2,007,857	713,258	(1,575,310)
Public safety	6,222,971	2,312,011	340,353	(3,570,607)
Public works	50,866	44,062	245,299	238,495
Health and welfare	8,137,678	319,146	1,852,441	(5,966,091)
Recreation and cultural	342,021	269,515	40,837	(31,669)
Community and economic development	339,199	132,448	116,399	(90,352)
Interest on long-term debt	485,342	-	-	(485,342)
Total governmental activities	<u>23,489,027</u>	<u>5,930,448</u>	<u>4,199,980</u>	<u>(13,358,599)</u>
Business-type activities:				
Delinquent tax administration	262,796	924,281	-	661,485
Public works projects	288,844	288,844	-	-
Building authority	111,293	317,180	-	205,887
Total business-type activities	<u>662,933</u>	<u>1,530,305</u>	<u>-</u>	<u>867,372</u>
Total primary government	<u>\$ 24,151,960</u>	<u>\$ 7,460,753</u>	<u>\$ 4,199,980</u>	<u>\$ (12,491,227)</u>
Component units				
Central Dispatch Authority	\$ 997,718	\$ 751,113	\$ 202,704	\$ (43,901)
Drain Commission	<u>351,275</u>	<u>343,782</u>	<u>-</u>	<u>(7,493)</u>
Total component units	<u>\$ 1,348,993</u>	<u>\$ 1,094,895</u>	<u>\$ 202,704</u>	<u>\$ (51,394)</u>

continued...

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2007

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (13,358,599)	\$ 867,372	\$ (12,491,227)	\$ (51,394)
General revenues:				
Property taxes	11,517,352	62,194	11,579,546	-
Grants and contributions not restricted to specific programs	334,841	-	334,841	-
Unrestricted investment earnings	669,940	363,494	1,033,434	2,839
Transfers - internal activities	752,310	(752,310)	-	-
 Total general revenues and transfers	 13,274,443	 (326,622)	 12,947,821	 2,839
 Change in net assets	 (84,156)	 540,750	 456,594	 (48,555)
 Net assets, beginning of year	 16,252,166	 7,259,432	 23,511,598	 1,027,140
 Net assets, end of year	 <u>\$ 16,168,010</u>	 <u>\$ 7,800,182</u>	 <u>\$ 23,968,192</u>	 <u>\$ 978,585</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

Balance Sheet Governmental Funds September 30, 2007

	General	County Jail	Revenue Sharing Reserve	Medical Care Facility Construction	Nonmajor Funds	Totals
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 3,562,363	\$ -	\$ 2,515,865	\$ 6,078,228
Investments	2,329,595	-	-	-	-	2,329,595
Receivables:						
Accounts	12,426	59,011	-	-	812,323	883,760
Taxes	1,712,963	-	-	-	-	1,712,963
Due from other governments	98,599	421,561	-	-	283,697	803,857
Due from other funds	34,708	-	-	-	-	34,708
Advances to other funds	-	-	-	-	10,000	10,000
Advances to component units	300,000	-	-	-	-	300,000
Prepays	10,493	-	-	-	-	10,493
<hr/>						
Total assets	\$ 4,498,784	\$ 480,572	\$ 3,562,363	\$ -	\$ 3,621,885	\$ 12,163,604
<hr/>						
Liabilities and fund balances						
Liabilities						
Interfund payable	\$ 2,416,102	\$ 381,023	\$ -	\$ -	\$ 74,291	\$ 2,871,416
Accounts payable	121,800	28,387	-	-	193,447	343,634
Accrued expenditures	73,174	27,311	-	-	68,267	168,752
Due to other governments	-	-	-	-	74,209	74,209
Advances from other funds	-	-	-	-	125,000	125,000
Deferred revenue	676,922	-	-	-	-	676,922
<hr/>						
Total liabilities	3,287,998	436,721	-	-	535,214	4,259,933
<hr/>						
Fund balances						
Reserved for long-term receivables	-	-	-	-	808,358	808,358
Reserved for prepaids	10,493	-	-	-	-	10,493
Unreserved:						
Undesignated	1,200,293	43,851	3,562,363	-	-	4,806,507
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,257,868	1,257,868
Debt service funds	-	-	-	-	325,714	325,714
Capital projects funds	-	-	-	-	694,731	694,731
<hr/>						
Total fund balances	1,210,786	43,851	3,562,363	-	3,086,671	7,903,671
<hr/>						
Total liabilities and fund balances	\$ 4,498,784	\$ 480,572	\$ 3,562,363	\$ -	\$ 3,621,885	\$ 12,163,604
<hr/>						

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
September 30, 2007

Fund balances - total governmental funds	\$ 7,903,671
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	1,052,586
Add: capital assets being depreciated, net	12,661,112

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes	676,922
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	6,086,953
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(11,440,000)
Subtract: compensated absences	(615,453)
Subtract: accrued interest on long-term liabilities	<u>(157,781)</u>

Net assets of governmental activities	<u><u>\$ 16,168,010</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2007

	General	County Jail	Revenue Sharing Reserve	Medical Care Facility Construction	Nonmajor Funds	Totals
Revenue						
Taxes	\$ 7,013,880	\$ -	\$ 1,967,659	\$ -	\$ 2,343,861	\$ 11,325,400
Intergovernmental:						
Federal	117,887	-	-	-	747,129	865,016
State	1,055,479	-	-	-	1,149,864	2,205,343
Local	62,771	-	-	-	354,308	417,079
Licenses and permits	36,048	-	-	-	-	36,048
Fines and forfeits	80,495	-	-	-	5,330	85,825
Charges for services	2,357,430	1,618,749	-	-	1,451,253	5,427,432
Interest and rentals	335,655	-	138,487	49,906	130,881	654,929
Contributions from private sources	-	-	-	-	860,354	860,354
Other revenue/reimbursements	33,840	288,209	-	-	148,220	470,269
Total revenue	11,093,485	1,906,958	2,106,146	49,906	7,191,200	22,347,695
Expenditures						
Current:						
Legislative	309,502	-	-	-	-	309,502
Judicial	2,590,613	-	-	-	782,022	3,372,635
General government	3,437,067	-	-	-	200,350	3,637,417
Public safety	845,811	2,944,788	-	-	2,747,473	6,538,072
Public works	12,320	-	-	-	183,324	195,644
Health and welfare	763,735	-	-	-	3,876,183	4,639,918
Community and economic development	117,338	-	-	-	227,754	345,092
Recreation and cultural	-	-	-	-	370,018	370,018
Other	42,761	-	-	-	-	42,761
Debt service:						
Principal	-	-	-	-	445,000	445,000
Interest	-	-	-	-	488,031	488,031
Capital outlay	56,803	-	-	3,569,268	1,750,909	5,376,980
Total expenditures	8,175,950	2,944,788	-	3,569,268	11,071,064	25,761,070
Revenue over (under) expenditures	2,917,535	(1,037,830)	2,106,146	(3,519,362)	(3,879,864)	(3,413,375)
Other financing sources (uses)						
Transfers in	1,927,228	1,111,726	-	-	3,577,940	6,616,894
Transfers out	(4,314,481)	(41,248)	(887,174)	-	(625,415)	(5,868,318)
Total other financing sources (uses)	(2,387,253)	1,070,478	(887,174)	-	2,952,525	748,576
Net change in fund balances	530,282	32,648	1,218,972	(3,519,362)	(927,339)	(2,664,799)
Fund balances, beginning of year	680,504	11,203	2,343,391	3,519,362	4,014,010	10,568,470
Fund balances, end of year	\$ 1,210,786	\$ 43,851	\$ 3,562,363	\$ -	\$ 3,086,671	\$ 7,903,671

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2007

Net change in fund balances - total governmental funds	\$ (2,664,799)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	1,890,777
Subtract: depreciation expense	(570,657)
Subtract: net disposal of capital assets	(10,520)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: net change in property tax revenues	191,952
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is a expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	445,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: change in accrued interest on bonds	2,689
Add: decrease in the accrual of compensated absences	38,494

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:

Add: interest revenue from governmental internal service funds	112,976
Add: gain on disposal of capital assets in governmental internal service funds	4,000
Add: net operating income from governmental activities accounted for in internal service funds	472,198
Add: internal activities (transfers) accounted for in internal service funds	3,734

Change in net assets of governmental activities	\$ <u>(84,156)</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Taxes				
Real and personal property taxes	\$ 6,979,390	\$ 6,979,390	\$ 7,072,998	\$ 93,608
Other taxes	92,899	92,899	132,834	39,935
Total taxes	7,072,289	7,072,289	7,205,832	133,543
Intergovernmental				
Federal grants	105,000	95,000	117,887	22,887
State grants	1,898,287	1,059,140	1,055,479	(3,661)
Contributions from local governments	70,358	70,358	62,771	(7,587)
Total intergovernmental	2,073,645	1,224,498	1,236,137	11,639
Licenses and permits				
Permits	41,158	41,158	36,048	(5,110)
Fines and forfeits				
Fines and forfeits	75,523	75,523	80,495	4,972
Charges for services				
Circuit Court	2,491,423	2,354,676	2,357,430	2,754
Interest and rentals				
Interest revenue	130,000	234,000	237,840	3,840
Rentals	91,176	93,111	97,815	4,704
Total interest and rentals	221,176	327,111	335,655	8,544
Other revenue/reimbursements				
Reimbursements	21,473	21,473	26,323	4,850
Private contributions	4,000	-	-	-
Other revenue	1,530	3,030	7,517	4,487
Total other revenue/reimbursements	27,003	24,503	33,840	9,337
Total revenue	12,002,217	11,119,758	11,285,437	165,679

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Continued)
General Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures				
Legislative				
Board of Commissioners	\$ 416,437	\$ 318,297	\$ 309,502	\$ (8,795)
Judicial				
Circuit Court	1,625,096	1,231,838	1,157,560	(74,278)
District Court	1,300,952	983,102	964,352	(18,750)
Jury Board	12,298	12,298	12,820	522
Probate Court	551,797	418,273	410,118	(8,155)
Court Guardian	45,763	45,763	45,763	-
Total judicial	3,535,906	2,691,274	2,590,613	(100,661)
General government				
Administrator	220,988	199,171	189,428	(9,743)
Civil Counsel	32,714	27,567	28,227	660
Clerk	334,729	281,267	275,678	(5,589)
Accounting	298,018	242,373	204,850	(37,523)
Budgeting	34,682	-	-	-
Equalization	575,934	501,966	487,454	(14,512)
Reigster of deeds	408,942	326,211	319,399	(6,812)
Prosecutor	1,030,192	723,705	708,731	(14,974)
Board of Review	14,101	13,726	12,715	(1,011)
Cooperative extension	251,949	193,771	192,206	(1,565)
Personnel	75,794	67,485	67,157	(328)
Surveyor	128,405	148,124	139,123	(9,001)
Treasurer	451,392	356,575	339,571	(17,004)
Drain Commissioner	270,714	210,185	204,872	(5,313)
Other general government	324,069	293,415	267,656	(25,759)
Total general government	4,452,623	3,585,541	3,437,067	(148,474)
Public safety				
Sheriff's Department	1,034,891	782,532	757,535	(24,997)
Regional Drug Force Contract	48,243	16,243	16,243	-
Marine Law Enforcement	97,996	75,424	67,341	(8,083)
Other public safety	24,277	9,612	4,692	(4,920)
Total public safety	1,205,407	883,811	845,811	(38,000)

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Continued)
General Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures (continued)				
Public works				
Department of Public Works	\$ 20,017	\$ 12,320	\$ 12,320	\$ -
Health and welfare				
Health Department	316,181	312,908	308,771	(4,137)
Mental Health	223,242	223,242	220,009	(3,233)
Medical Care Facility Maintenance of Effort	96,000	96,000	87,602	(8,398)
Substance Abuse	70,128	75,074	75,074	-
Medical Examiner	89,368	84,042	72,279	(11,763)
Total health and welfare	794,919	791,266	763,735	(27,531)
Community and economic development				
Planning and zoning	120,748	128,964	117,338	(11,626)
Other				
Non-departmental expenditures	219,953	188,496	42,761	(145,735)
Capital outlay	140,929	139,902	56,803	(83,099)
Total expenditures	10,906,939	8,739,871	8,175,950	(563,921)
Revenue over expenditures	1,095,278	2,379,887	3,109,487	729,600
Other financing sources (uses)				
Transfers in	1,507,103	1,928,495	1,927,228	(1,267)
Transfers out	(6,635,450)	(4,314,481)	(4,314,481)	-
Total other financing (uses)	(5,128,347)	(2,385,986)	(2,387,253)	(1,267)
Net change in fund balance	(4,033,069)	(6,099)	722,234	728,333
Fund balance, beginning of year	1,165,474	1,165,474	1,165,474	-
Fund balance, end of year (budgetary basis)	<u>\$ (2,867,595)</u>	<u>\$ 1,159,375</u>	1,887,708	<u>\$ 728,333</u>
Accounting basis difference			(676,922)	
Fund balance, end of year (GAAP basis)			<u>\$ 1,210,786</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
County Jail
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Charges for services	\$ 1,529,496	\$ 1,578,938	\$ 1,618,749	\$ 39,811
Reimbursements	98,590	117,956	105,882	(12,074)
Other	150,000	158,000	182,327	24,327
Total revenue	1,778,086	1,854,894	1,906,958	52,064
Expenditures				
Public safety	3,902,714	2,936,575	2,944,788	8,213
Revenue (under) expenditures	(2,124,628)	(1,081,681)	(1,037,830)	43,851
Other financing sources (uses)				
Transfers in	1,272,368	1,111,726	1,111,726	-
Transfers out	(20,748)	(41,248)	(41,248)	-
Total other financing sources (uses)	1,251,620	1,070,478	1,070,478	-
Net change in fund balance	(873,008)	(11,203)	32,648	43,851
Fund balances, beginning of year	11,203	11,203	11,203	-
Fund balances, (deficit) end of year	\$ (861,805)	\$ -	\$ 43,851	\$ 43,851

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Taxes	\$ 1,945,769	\$ 1,967,659	\$ 1,967,659	\$ -
Interest	-	-	138,487	138,487
Total revenue	1,945,769	1,967,659	2,106,146	138,487
Other financing sources (uses)				
Transfers out	(880,650)	(887,174)	(887,174)	-
Net change in fund balance	1,065,119	1,080,485	1,218,972	138,487
Fund balances, beginning of year	2,343,391	2,343,391	2,343,391	-
Fund balances end of year	\$ 3,408,510	\$ 3,423,876	\$ 3,562,363	\$ 138,487

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Statement of Net Assets

Proprietary Funds

September 30, 2007

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2006 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,145,200	\$ 537,945	\$ 12	\$ 2,072,205	\$ 3,755,362	\$ 5,409,496
Investments	-	-	-	893,605	893,605	499,845
Interfund receivable	2,871,416	-	-	-	2,871,416	-
Accounts receivable	-	-	-	-	-	201
Due from other governments	-	-	-	-	-	18,938
Current portion of leases receivable	-	-	420,000	-	420,000	-
Due from other funds	14,000	-	-	-	14,000	-
Prepays	-	-	-	-	-	251,540
Total current assets	4,030,616	537,945	420,012	2,965,810	7,954,383	6,180,020
Noncurrent assets:						
Capital assets being depreciated, net	6,234	-	-	-	6,234	382,859
Long-term advances to other funds	125,000	-	-	-	125,000	-
Long-term advances to component units	39,952	-	-	77,589	117,541	-
Delinquent taxes receivable	1,255	2,437,569	-	413,105	2,851,929	-
Leases receivable, net of current portion	-	-	6,783,911	-	6,783,911	-
Total noncurrent assets	172,441	2,437,569	6,783,911	490,694	9,884,615	382,859
Total assets	4,203,057	2,975,514	7,203,923	3,456,504	17,838,998	6,562,879
Liabilities						
Current liabilities:						
Accounts payable	-	-	-	34,682	34,682	402,660
Accrued expenses	211	-	109,743	-	109,954	14,558
Due to other funds	-	-	-	-	-	48,708
Note payable	-	2,800,000	-	-	2,800,000	-
Current portion of long-term debt	-	-	420,000	-	420,000	-
Total current liabilities	211	2,800,000	529,743	34,682	3,364,636	465,926
Long-term liabilities:						
Long-term advances from other funds	-	-	-	-	-	10,000
Long-term debt, net of current portion	-	-	6,674,180	-	6,674,180	-
Total long-term liabilities	-	-	6,674,180	-	6,674,180	10,000
Total liabilities	211	2,800,000	7,203,923	34,682	10,038,816	475,926
Net assets						
Invested in capital assets	6,234	-	-	-	6,234	382,859
Unrestricted	4,196,612	175,514	-	3,421,822	7,793,948	5,704,094
Total net assets	\$ 4,202,846	\$ 175,514	\$ -	\$ 3,421,822	\$ 7,800,182	\$ 6,086,953

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2007

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2006 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Land sale proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,806	-	288,844	73,991	367,641	1,909,580
Rents	-	-	-	317,180	317,180	-
Interest and penalties on delinquent taxes	1,705	240,511	-	318,551	560,767	-
Reimbursements	-	-	-	414,960	414,960	3,303,750
Total operating revenues	6,511	240,511	288,844	1,124,682	1,660,548	5,213,330
Operating expenses						
Supplies and operating expenses	16,462	-	-	301,171	317,633	4,554,474
Land sale disbursements	-	-	-	-	-	-
Depreciation	1,781	-	-	-	1,781	186,658
Total operating expenses	18,243	-	-	301,171	319,414	4,741,132
Operating income (loss)	(11,732)	240,511	288,844	823,511	1,341,134	472,198
Non-operating revenues (expenses)						
Interest revenue	242,885	3,053	-	117,556	363,494	112,976
Interest expense	-	(68,050)	(288,844)	(54,674)	(411,568)	-
Gain on disposal of capital assets	-	-	-	-	-	4,000
Total non-operating revenue (expense)	242,885	(64,997)	(288,844)	62,882	(48,074)	116,976
Income (loss) before transfers	231,153	175,514	-	886,393	1,293,060	589,174
Transfers in (out)						
Transfers in	10,182	-	-	7,257	17,439	570,855
Transfers out	(509,000)	-	-	(260,749)	(769,749)	(567,121)
Total transfers	(498,818)	-	-	(253,492)	(752,310)	3,734
Net income (loss)	(267,665)	175,514	-	632,901	540,750	592,908
Net assets, beginning of year	4,470,511	-	-	2,788,921	7,259,432	5,494,045
Net assets, end of year	\$ 4,202,846	\$ 175,514	\$ -	\$ 3,421,822	\$ 7,800,182	\$ 6,086,953

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2007

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2006 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	\$ -	\$ 2,983,803	\$ 288,844	\$ 2,997,885	\$ 6,270,532	\$ -
Cash received from interfund services	16,994	-	-	-	16,994	5,187,019
Cash payments for interfund services	(480,042)	-	-	-	(480,042)	-
Cash payments to suppliers for goods and services	-	-	-	(303,730)	(303,730)	(3,814,858)
Cash payments to employees for services	-	-	-	-	-	(937,951)
Cash payments to purchase delinquent taxes	-	(5,180,861)	-	-	(5,180,861)	-
Net cash provided by (used in) operating activities	(463,048)	(2,197,058)	288,844	2,694,155	322,893	434,210
Cash flows from non-capital financing activities						
Proceeds from issuance of note payable	-	4,500,000	-	-	4,500,000	-
Principal payments on note payable	-	(1,700,000)	-	(2,530,965)	(4,230,965)	-
Interest payments on note payable	-	(68,050)	-	(54,674)	(122,724)	-
Transfers in	10,182	-	-	7,257	17,439	570,855
Transfers (out)	(509,000)	-	-	(260,749)	(769,749)	(567,121)
Net cash provided by (used in) non-capital financing activities	(498,818)	2,731,950	-	(2,839,131)	(605,999)	3,734
Cash flows from capital and related financing activities						
Interest payments on long-term debt	-	-	(288,844)	-	(288,844)	-
Proceeds from sale of capital assets	-	-	-	-	-	4,000
Purchases of capital assets	-	-	-	-	-	(167,487)
Net cash used in capital and related financing activities	-	-	(288,844)	-	(288,844)	(163,487)
Cash flows from investing activities						
Purchase of investments	-	-	-	193,157	193,157	(1,720)
Sale of investments	923,384	-	-	-	923,384	-
Interest income	242,885	3,053	-	117,556	363,494	112,976
Payment on long-term advances to other funds	125,000	-	-	-	125,000	-
Payment on long-term advances to component units	282,987	-	-	-	282,987	-
Net cash provided by (used in) investing activities	1,574,256	3,053	-	310,713	1,888,022	111,256
Net increase (decrease) in cash and cash equivalents	612,390	537,945	-	165,737	1,316,072	385,713
Cash and cash equivalents, beginning of year	532,810	-	12	1,906,468	2,439,290	5,023,783
Cash and cash equivalents, end of year	\$ 1,145,200	\$ 537,945	\$ 12	\$ 2,072,205	\$ 3,755,362	\$ 5,409,496
Cash flows from operating activities						
Operating income (loss)	\$ (11,732)	\$ 240,511	\$ 288,844	\$ 823,511	\$ 1,341,134	\$ 472,198
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,781	-	-	-	1,781	186,658
(Increase) decrease in:						
Interfund receivable	(463,580)	-	-	-	(463,580)	-
Accounts receivable	-	-	-	-	-	1,222
Taxes receivable	2,022	(2,437,569)	-	1,873,203	(562,344)	-
Due from other governments	-	-	-	-	-	81
Due from other funds	9,000	-	-	-	-	-
Prepays	-	-	-	-	-	(251,540)
Accounts payable	-	-	-	(2,559)	(2,559)	206,005
Accrued expenses	(539)	-	-	-	(539)	(161,783)
Due to other funds	-	-	-	-	-	(18,631)
Net cash provided by (used in) operating activities	\$ (463,048)	\$ (2,197,058)	\$ 288,844	\$ 2,694,155	\$ 322,893	\$ 434,210

Non-cash transactions

There were no non-cash transactions during the fiscal year.

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2007

Assets

Cash and cash equivalents	\$ 2,410,094
Accounts receivable	578
Due from other governmental units	<u>743,136</u>
Total assets	<u><u>\$ 3,153,808</u></u>

Liabilities

Accounts payable	\$ 73,627
Bank overdrafts	578
Due to other governments	2,955,114
Undistributed receipts	<u>124,489</u>
Total liabilities	<u><u>\$ 3,153,808</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Component Units
September 30, 2007

	Central Dispatch Authority	Drain Commission	Total
Assets			
Cash and cash equivalents	\$ 54,549	\$ 337,373	\$ 391,922
Receivables	68,936	555,033	623,969
Capital assets being depreciated, net	157,661	243,790	401,451
Total assets	281,146	1,136,196	1,417,342
Liabilities			
Accounts payable and accrued liabilities	21,216	-	21,216
Advance from primary government	-	417,541	417,541
Total liabilities	21,216	417,541	438,757
Net assets			
Invested in capital assets	157,661	243,790	401,451
Unrestricted	102,269	474,865	577,134
Total net assets	\$ 259,930	\$ 718,655	\$ 978,585

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended September 30, 2007

	Central Dispatch Authority	Drain Commission	Total
Expenses			
Central dispatch	\$ 997,718	\$ -	\$ 997,718
County drains	-	351,275	351,275
Total expenses	997,718	351,275	1,348,993
Program revenues			
Charges for services	751,113	343,782	1,094,895
Operating grants and contributions	202,704	-	202,704
Total program revenues	953,817	343,782	1,297,599
Net expense (revenues)	(43,901)	(7,493)	(51,394)
General revenues			
Unrestricted investment earnings	2,839	-	2,839
Change in net assets	(41,062)	(7,493)	(48,555)
Net assets, beginning of year	300,992	726,148	1,027,140
Net assets, end of year	<u>\$ 259,930</u>	<u>\$ 718,655</u>	<u>\$ 978,585</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

Index

Notes to Financial Statements

	<u>PAGE</u>
I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting entity	32-33
B. Government-wide and fund financial statements	33
C. Measurement focus, basis of accounting and basis of presentation	34-36
D. Assets, liabilities and equity	36-38
II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	
A. Budgetary information	38
B. Budget/GAAP reconciliation	38-39
C. Deficit fund balance	39
D. Excess of expenditures over budget	39
III. DETAILED NOTES ON ALL FUNDS	
A. Deposits and investments	40-42
B. Receivables	42
C. Accounts payable	43
D. Interfund receivables and payables	43-45
E. Capital assets	45-47
F. Long-term debt	47-49
IV. OTHER INFORMATION	
A. Risk management	49-50
B. Property taxes	50
C. Contingent liabilities	51
D. Employee retirement systems and plans	51-53
E. Other post-employment benefits	53
F. Long-term lease	53
G. Related party transactions	53

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Newaygo, Michigan (the “County” or “government”) was incorporated in 1851 and covers an area of 864 square miles. The County operates under a seven-member elected Board of Commissioners and an appointed County Administrator.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

The Building Authority is governed by a three-member board appointed by the Newaygo County Board of Commissioners. Its sole purpose is to finance and construct the County’s public buildings. It is reported as an Enterprise Fund and has a September 30 year-end. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units:

Newaygo County Central Dispatch Authority (the “Authority”) – The Authority was established by resolution by the County Board of Commissioners. It establishes policy and reviews operations of the E-911 service for the County Board of Commissioners. The County Commission appoints the members of the Authority’s Board. The Authority is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Authority has a September 30 year end.

Newaygo County Drain Commission (the “Drain Commission”) – All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Drain Commission has a September 30 year end.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The Brownfield Redevelopment Authority was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the Brownfield Redevelopment zone. There is no activity in the current year for the Brownfield Redevelopment Authority. The members of the governing board of the Brownfield Redevelopment Authority are appointed by the County Board of Commissioners. The budgets and expenditures of the Authority must be approved by the County. The County also has the ability to significantly influence operations of the Authority. Complete financial statements for the component units are not separately prepared.

In addition, the County has two component units, as defined by GAAP, which are excluded from these financial statements. The Newaygo County Road Commission and Medical Care Facility are administratively separate from the rest of the County, and engage other auditors to audit their stand-alone financial statements. While these entities are required to be a part of the County's financial reporting entity in accordance with GAAP, management believes that both component units are operationally independent of the County, and that their inclusion will be misleading.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, State revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *county jail fund* accounts for the operations of the County Jail Facility. Primary revenue sources for this fund are rental fees, charges for housing prisoners, and an appropriation from the general fund.

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The *medical care facility construction* fund accounts for the expenditure of bond proceeds related to the rehabilitation of the Medical Care Facility.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

The *2000 and prior delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in the year 2000 and prior levies.

The *2006 delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in year 2006.

The *sanitary sewer construction fund* accounts for special assessment debt issued on behalf of local units, dollars received from the local units for the payment of principal and interest on this debt, and expenditures of bond proceeds.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds.

Capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services (such as equipment rentals and self-insurance) to other departments or agencies of the government, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted net assets are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial papers, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

Investment income resulting from funds in the pooled cash fund is allocated to the general fund based on County policy, except for the revenue sharing reserve special revenue fund and central dispatch authority component unit which received a proportionate share of investment earnings based on average cash balances.

2. Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

3. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Land improvements	10-20
Machinery and equipment	5-10
Vehicles	3-5
Bike paths and trailways	20
Drain infrastructure	20

5. *Compensated absences*

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the activity level in the general fund and at the functional level for the special revenue funds.

All departments and budgetary centers of the county are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the county's fiscal year. The appropriated budget is prepared by fund and department. Budget amendments and transfers of appropriations less than \$25,000 require Administrator approval. Board approval is required for all others.

B. Budget/GAAP Reconciliation

The County has prepared its budget for the general fund recognizing the full amount of the July 1 property tax levy as revenue in the current year. GAAP requires that property taxes not collected by November 30 (60 days after year end) be deferred as "unavailable", and recognized in the following fiscal year. As the County intends to rely on the July 1 levy to fund current year operations, management believes it is appropriate to follow this budgetary (non-GAAP) basis in its internal accounting for property taxes, and disclose the difference between the budgetary basis and GAAP in the notes to the financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund is presented on the same basis of accounting used in preparing the adopted budget. The following schedule reconciles the amounts on that statement to the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

	Budgetary Basis	Accounting Basis Difference	GAAP Basis
General Fund			
Deferred revenue	\$ -	\$ 676,922	\$ 676,922
Property tax revenue	7,205,832	(191,952)	7,013,880
Fund balance, beginning of year	1,165,474	(484,970)	680,504
Fund balance, end of year	1,887,708	(676,922)	1,210,786

C. Deficit fund balance

At September 30, 2007 the County reported a deficit fund balance of \$124,652 in the public works construction fund, and a deficit of \$213,501 in the drain fund.

D. Excess of expenditures over budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on an activity level basis in the General Fund, and at the functional level for other governmental funds, which is the legal level of control.

Expenditures in the combining and individual fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended September 30, 2007 the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Expenditures	Budget Variance
General fund:			
Judicial – jury board	\$ 12,298	\$ 12,820	\$ 522
General government – civil counsel	27,567	28,227	660
County jail fund:			
Public safety	2,936,575	2,944,788	8,213
Nonmajor governmental funds:			
County parks – capital outlay	29,300	30,819	1,519
Recycling program – public works	128,900	162,626	33,726
Register of deeds automation – general government	75,784	79,986	4,202
County law library – judicial	8,083	8,222	139
Social services – health and welfare	475,740	587,549	111,809
Soldiers’ relief – health and welfare	141,042	152,588	11,546

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The County maintains pooled and individual fund demand deposits, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Following is a reconciliation of deposit and investment balances as of September 30, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash on hand	\$ 725	\$ -	\$ 725
Carrying amount of checking and savings accounts	12,800,028	391,922	13,191,950
Carrying amount of certificates of deposit	2,566,530	-	2,566,530
Carrying amount of investments	<u>6,008,364</u>	<u>-</u>	<u>6,008,364</u>
Total	<u>\$ 21,375,647</u>	<u>\$ 391,922</u>	<u>\$ 21,767,569</u>
Statement of net assets			
Cash and cash equivalents	\$ 13,069,328	\$ 391,922	\$ 13,461,250
Investments	<u>5,896,803</u>	<u>-</u>	<u>5,896,803</u>
	18,966,131	391,922	19,358,053
Statement of fiduciary net assets			
Cash and cash equivalents	<u>2,409,516</u>	<u>-</u>	<u>2,409,516</u>
Total	<u>\$ 21,375,647</u>	<u>\$ 391,922</u>	<u>\$ 21,767,569</u>

The County chooses to disclose its investments by specifically identifying each. As of year end, the County had the following investments.

Investment	Maturity Date	Interest Rate	Fair Value	Rating
MBIA Class	n/a	varies	\$1,961,866	AAA/V1+
LaSalle Money Market	n/a	varies	266,701	unrated
FHLB	11/08/2007	4.750%	499,845	S&P AAA
FHLB	12/28/2007	5.212%	500,155	S&P AAA
FHLMC	01/07/2008	5.029%	166,212	S&P AAA
FHLB	02/20/2008	2.500%	100,031	S&P AAA
FFCB	03/03/2008	5.311%	149,345	S&P AAA
FHLB	10/30/2008	2.750%	100,063	S&P AAA
FHLB	12/19/2008	5.500%	98,227	S&P AAA

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Investment	Maturity Date	Interest Rate	Fair Value	Rating
FHLB	02/27/2009	5.660%	\$ 100,094	S&P AAA
FHLMC	08/07/2009	5.375%	1,000,939	S&P AAA
FHLB	08/17/2009	4.850%	101,063	S&P AAA
FHLB	08/18/2009	5.150%	99,906	S&P AAA
FHLMC	12/15/2009	5.720%	99,982	S&P AAA
FHLB	02/22/2010	5.150%	100,000	S&P AAA
FHLB	12/28/2010	3.875%	200,312	S&P AAA
FNMA	02/24/2011	5.051%	233,000	S&P AAA
FNMA	01/19/2012	4.568%	100,504	S&P AAA
FHLB	05/24/2012	5.500%	100,156	S&P AAA
FNMA	02/15/2013	4.500%	29,963	S&P AAA

\$ 6,008,364

The following table discloses certificates of deposit by maturity date:

Due in less than one year	\$ 1,127,015
Due in 1-5 years	1,439,515
	<u>\$ 2,566,530</u>

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates have been identified above for the County's investments.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$14,847,580 of the County's bank balance of \$16,499,681 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, County policy limits the types of investments and pre-qualifies financial institutions. As of September 30, 2007, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy limits investments in a single financial institution of a single security type (with the exception of U.S. Treasury securities and authorized pools) to 70% of the total investment portfolio. All investments held at year end are reported above.

B. Receivables

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes (current)	\$ 1,712,963	\$ -
Taxes (delinquent)	-	2,851,929
Accounts	883,961	-
Due from other governments	822,795	-
Leases (Note III.F.)	-	7,203,911
	<u>\$ 3,419,719</u>	<u>\$ 10,055,840</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental activities were as follows:

	<u>Unavailable</u>
Governmental Funds:	
Property taxes receivable	<u>\$ 676,922</u>

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

C. Accounts payable

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 746,294	\$ 34,682
Accrued liabilities	183,310	-
Due to other governments	74,209	-
Accrued interest on long-term debt	<u>157,781</u>	<u>109,954</u>
	<u>\$ 1,161,594</u>	<u>\$ 144,636</u>

D. Interfund receivables and payables

The composition of interfund balances as of September 30, 2007, was as follows:

Due to and from primary government funds

	<u>Due from fund</u>	<u>Due to fund</u>
General fund	\$ 34,708	\$ -
Internal service funds	-	48,708
2000 and prior delinquent tax fund	<u>14,000</u>	<u>-</u>
	<u>\$ 48,708</u>	<u>\$ 48,708</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund receivables and payables

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 2,416,102	\$ -
County jail	381,023	-
Nonmajor governmental funds	74,291	-
2000 and prior delinquent tax fund	<u>-</u>	<u>2,871,416</u>
	<u>\$ 2,871,416</u>	<u>\$ 2,871,416</u>

The balances result from funds with negative balances in the County's pooled cash and investments.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Long-term advances between primary government funds

	<u>Advances to Funds</u>	<u>Advances from Funds</u>
General fund	\$ -	\$ -
Nonmajor governmental funds	10,000	125,000
2000 and prior delinquent tax	125,000	-
Internal service funds	-	10,000
	<u>\$ 135,000</u>	<u>\$ 135,000</u>

These advances are primarily to fund capital outlay initiatives and will be repaid as the fund collects special assessment revenue on the improvements.

Due to and from primary government and component units

	<u>Due from Component Units</u>	<u>Due to Primary Government</u>
General fund	\$ 300,000	\$ -
2000 and prior delinquent tax	39,952	-
2002 delinquent tax	77,589	-
Drain Commission	-	417,541
	<u>\$ 417,541</u>	<u>\$ 417,541</u>

For the year ended September 30, 2007, interfund transfers consisted of the following:

Transfers Out	Transfers In						Total
	General Fund	County Jail	Nonmajor Governmental Funds	Internal Service Funds	2000 Delinquent Tax Revolving	Nonmajor Enterprise Funds	
General Fund	\$ 100,000	\$ 1,031,726	\$ 2,719,698	\$ 463,057	\$ -	\$ -	\$ 4,314,481
County Jail	-	-	35,248	6,000	-	-	41,248
Revenue Sharing Reserve Fund	887,174	-	-	-	-	-	887,174
Nonmajor Governmental Funds	77,827	-	456,378	91,210	-	-	625,415
Internal Service Funds	354,970	80,000	121,563	10,588	-	-	567,121
2000 Delinquent Tax Revolving	500,000	-	9,000	-	-	-	509,000
Nonmajor Enterprise Funds	7,257	-	236,053	-	10,182	7,257	260,749
Total	\$ 1,927,228	\$ 1,111,726	\$ 3,577,940	\$ 570,855	\$ 10,182	\$ 7,257	\$ 7,205,188

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital assets

Capital assets activity for the primary government for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,052,586	\$ -	\$ -	\$ 1,052,586
Construction in progress	359,401	1,508,984	(1,868,385)	-
Total capital assets not being depreciated	1,411,987	1,508,984	(1,868,385)	1,052,586
Capital assets, being depreciated:				
Buildings	15,050,235	1,895,135	-	16,945,370
Land improvements	601,737	-	(1,996)	599,741
Office equipment	2,404,604	245,512	(9,655)	2,640,461
Vehicles	1,183,007	277,018	(29,244)	1,430,781
Total capital assets being depreciated	19,239,583	2,417,665	(40,895)	21,616,353
Less accumulated depreciation for:				
Buildings	(4,899,722)	(376,302)	-	(5,276,024)
Land improvements	(412,452)	(18,774)	183	(431,043)
Office equipment	(1,541,605)	(200,742)	9,243	(1,733,104)
Vehicles	(991,663)	(161,497)	20,949	(1,132,211)
Total accumulated depreciation	(7,845,442)	(757,315)	30,375	(8,572,382)
Total capital assets being depreciated, net	11,394,141	1,660,350	(10,520)	13,043,971
Capital assets, net	\$ 12,806,128	\$ 3,169,334	\$ (1,878,905)	\$ 14,096,557

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	\$ 8,906	\$ -	\$ -	\$ 8,906
Less accumulated depreciation for:				
Equipment	(891)	(1,781)	-	(2,672)
Capital assets, net	<u>\$ 8,015</u>	<u>\$ (1,781)</u>	<u>\$ -</u>	<u>\$ 6,234</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function:

Judicial	\$ 506
General government	412,504
Public safety	68,457
Health and welfare	78,792
Recreation and cultural	10,398
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>186,658</u>
	<u>\$ 757,315</u>

Depreciation of business-type activities by function:

2000 and prior delinquent tax fund	<u>\$ 1,781</u>
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COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital assets activity for the component units for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Central Dispatch Authority				
Capital assets, being depreciated:				
Equipment	\$ 287,295	\$ -	\$ -	\$ 287,295
Less accumulated depreciation for:				
Equipment	(100,905)	(28,729)	-	(129,634)
Capital assets, net	<u>\$ 186,390</u>	<u>\$ (28,729)</u>	<u>\$ -</u>	<u>\$ 157,661</u>
Component Units				
Drain Commission				
Capital assets, being depreciated:				
Equipment	\$ 578,481	\$ -	\$ -	\$ 578,481
Less accumulated depreciation for:				
Equipment	(309,002)	(25,689)	-	(334,691)
Capital assets, net	<u>\$ 269,479</u>	<u>\$ (25,689)</u>	<u>\$ -</u>	<u>\$ 243,790</u>

F. Long-term debt

General Obligation Bonds. The government issues general obligation bonds to provide funds to construct major capital facilities and refund previously issued bonds. Such bonds are generally repaid from voter-approved property tax levies, interfund transfers and contributions from local municipalities. The County has pledged its full faith and credit for payment on the general obligation bonds. Also, under the terms of certain bond agreements, local units have pledged their full faith and credit to pay the County each year such amounts

General obligation bonds of business-type activities are offset by capital leases receivable from the local units of government for which the bonds were issued in the County's name. The terms of these capital leases, which relate to water and sewer systems constructed by the County on behalf of the local units, match the debt maturity requirements of the related bonds.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

General obligation bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds							
<i>Governmental activities</i>							
FIA Building Authority	1/1/1995	4.4%-4.7%	\$ 1,090,000	\$ -	\$ 195,000	\$ 895,000	\$ 205,000
ISD Building Authority	5/1/1999	4.6%-4.65%	495,000	-	50,000	445,000	50,000
Medical Care Facility	12/1/2005	3.5%-5.0%	9,000,000	-	200,000	8,800,000	200,000
Mental Health Care Building	7/1/2006	5.0%	1,300,000	-	-	1,300,000	25,000
Total governmental activities			11,885,000	-	445,000	11,440,000	480,000
<i>Business-type activities</i>							
Chain of Lakes	12/1/2002	2.5%-4.55%	6,050,000	-	300,000	5,750,000	325,000
Hesperia Sanitary Sewer System	6/23/2005	1.63%	394,180	-	20,000	374,180	20,000
Hesperia Wastewater Project	1/2/1978	5.0%	300,000	-	25,000	275,000	25,000
White Cloud/Sherman Wastewater	1/2/1981	5.0%	745,000	-	50,000	695,000	50,000
Total business-type activities			7,489,180	-	395,000	7,094,180	420,000
Total General Obligation Bonds			\$ 19,374,180	\$ -	\$ 840,000	\$ 18,534,180	\$ 900,000

Annual debt service requirements to maturity for general obligation bonds, are as follows:

Years Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 480,000	\$ 483,423	\$ 420,000	\$ 279,789
2009	545,000	458,453	445,000	265,963
2010	615,000	436,435	445,000	250,515
2011	685,000	411,775	475,000	234,189
2012	495,000	383,598	475,000	215,971
2013-2017	2,695,000	1,557,230	2,500,000	791,083
2018-2022	3,100,000	1,000,325	2,320,000	277,350
2023-2027	2,525,000	314,575	14,180	152
Thereafter	300,000	30,000	-	-
Total	\$ 11,440,000	\$ 5,075,814	\$ 7,094,180	\$ 2,315,012

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Changes in Long-Term Debt. Long-term liability activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 11,885,000	\$ -	\$ 445,000	\$ 11,440,000	\$ 480,000
Compensated absences	653,947	120,376	158,870	615,453	163,637
Total Governmental Activities	\$ 12,538,947	\$ 120,376	\$ 603,870	\$ 12,055,453	\$ 643,637
Business-type activities					
General obligation bonds	\$ 7,489,180	\$ -	\$ 395,000	\$ 7,094,180	\$ 420,000

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-term debt

Notes Payable. The 2006 delinquent tax revolving fund issued a note payable for the 2006 property tax settlement. Short-term debt activity for the year ended September 30, 2007, was as follows:

	Issuance Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2006 Delinquent Tax Revolving Fund							
Note payable	5/29/2007	Variable	\$ -	\$ 4,500,000	\$ 1,700,000	\$ 2,800,000	\$ 2,800,000

IV. OTHER INFORMATION

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is insured with private carriers for employee health care, life insurance, and disability coverage. The County is a member of the Michigan Association of Counties Workers Compensation Fund (MACWCF) for its worker's compensation coverage. The County is an individual member of the Michigan Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage.

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Changes in the estimated claims liability are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 135,988	\$ 135,988
Incurred claims	28,926	221,687
Claim payments	<u>(76,363)</u>	<u>(221,687)</u>
Unpaid claims, end of year	<u>\$ 88,551</u>	<u>\$ 135,988</u>

Additionally, the County provides health and wellness benefits to its employees through a self-insurance program that is administered by the County. Premiums are paid into the Health and Wellness internal service fund by all other funds and are available to pay claims and administrative costs of the program. Interfund premiums are based primarily upon claims experience and are reported as quasi-external interfund transactions.

The County estimates the liability for its self-insured coverages and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the County's third-party administrators for claims management and are recorded in the Self-Insurance internal service fund. Changes in the estimated claims liability are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 164,805	\$ 164,805
Incurred claims	1,951,469	1,566,847
Claim payments	<u>(1,953,128)</u>	<u>(1,566,847)</u>
Unpaid claims, end of year	<u>\$ 163,146</u>	<u>\$ 164,805</u>

B. Property taxes

Heretofore, County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2005, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended September 30, 2007, the County recognized one-thirds of the December 1, 2006 levy and the entire July 1, 2007 levy. In each year hereafter all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The taxable value of real and personal property for the 2006 and 2007 levies, for which revenue was recognized in 2007, was \$1,261,209,460 and \$1,337,715,399, respectively. The general operating tax rate for this levy was 5.3858 mills and 5.3777 mills, respectively with an additional 0.9985 mills assessed for Sheriff Road Patrol operations, .0916 mills assessed for Veterans' affairs, .4992 mills assessed for Newaygo County commission on aging, and 0.3900 mills assessed to fund debt service payments on the medical care facility bonds.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

C. Contingent liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

D. Employee retirement systems and plans

Plan description

Based on hire date, some of the primary government's full-time employees are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. The plan is currently closed to all employees who are currently offered participation in the defined contribution plan instead.

Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding policy

The County is required to contribute at an actuarially determined rate; the current rate for the County is -% to 16.06% of annual covered payroll depending on the employee group. Participating employees are required to contribute -% to 2.94% of their annual salary depending on their assigned department. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

For the year ended September 30, 2007, the annual pension cost of \$488,916 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a range between 22-28 years, depending on the employee group, as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2006.

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 498,105	100%	-
2006	495,957	100	-
2007	488,916	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date 12/31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
1997	\$ 12,521,711	\$11,420,252	\$ 1,101,459	91%	\$ 5,911,442	19%
1998	14,810,407	13,243,852	1,566,555	89	7,045,241	22
1999	11,472,799	11,850,248	(377,448)	103	4,365,145	-
2000	13,107,951	13,098,225	9,726	100	3,843,903	-
2001	13,578,401	13,638,948	(60,547)	100	3,643,766	-
2002	15,057,351	14,102,298	955,053	94	3,739,059	26
2003	17,051,369	15,165,680	1,885,689	89	3,770,113	50
2004	17,892,948	15,877,399	2,015,549	89	3,275,879	62
2005	19,276,655	16,600,409	2,676,246	86	3,296,087	81
2006	19,685,623	17,533,131	2,152,492	89	3,127,892	69

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Defined Contribution Pension Plan

The County provides pension benefits for substantially all of its full-time employees through the Newaygo County Defined Contribution Pension Plan, a defined contribution plan. The Newaygo County Board of Commissioners is the administrator of the plan and also establishes and amends the plan provisions and the contribution requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately upon hire. By County Resolution, the plan requires the County to contribute, on behalf of each covered employee, 5.0% of the employees' compensation. The County is also required to match employee contributions up to 3.0% of compensation.

Participants may make voluntary contributions into the plan. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. The employee contributions become fully vested at the time of their contribution to the plan. County contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce the County's current-period contribution requirement. Vesting is based on years of participation in the plan. If the employee withdraws from the plan, that period of time is not included as time vested.

The County made the required contribution to the plan, amounting to \$295,798, and employee contributions were \$112,680 for the year ended September 30, 2007.

E. Other post-employment benefits

In addition to the pension benefits described in Note IV. D., the County provides post-retirement health care benefits to unclassified employees and certain union employees in accordance with their contracts in which the County will credit the retiree \$100 - \$562 per month, to be applied toward health coverage through the County through a certain age, as specified by the contracts. A credit against the retiree's insurance premium is given each month that a retiree qualifies for the benefit. During the year, the County's expense for such credits given to retirees for health care benefits was \$153,122.

F. Long-term lease

The County is a party to a long-term lease agreement for rental of a building to the Intermediate School District. The lease stipulates that fixed annual rentals will be paid to the County by the Intermediate School District and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the Intermediate School district pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rentals will cease after all bonds have been retired and advanced rentals repaid. The lease agreement provides, further, that after all bonds are retired and advanced rentals repaid, title to the land and buildings will vest to the Intermediate School District.

G. Related Party Transactions

During the year, the County conducted business with several of its County Commissioners. These transactions were for tax reversion foreclosure consulting, septic services, and automobile repairs and maintenance and were in the amounts of \$59,629, \$2,565, and \$30,500, respectively.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and cash equivalents	\$ 1,301,534	\$ 325,714	\$ 888,617	\$ 2,515,865
Accounts receivable	812,323	-	-	812,323
Due from other governmental units	283,697	-	-	283,697
Advances to other funds	10,000	-	-	10,000
Total assets	\$ 2,407,554	\$ 325,714	\$ 888,617	\$ 3,621,885
Liabilities and fund balances				
Liabilities				
Interfund payable	\$ 74,291	\$ -	\$ -	\$ 74,291
Accounts payable	124,561	-	68,886	193,447
Accrued expenditures	68,267	-	-	68,267
Due to other governments	74,209	-	-	74,209
Advances from other funds	-	-	125,000	125,000
Total liabilities	341,328	-	193,886	535,214
Fund balances				
Reserved for long-term receivables	808,358	-	-	808,358
Unreserved, undesignated	1,257,868	325,714	694,731	2,278,313
Total fund balances	2,066,226	325,714	694,731	3,086,671
Total liabilities and fund balances	\$ 2,407,554	\$ 325,714	\$ 888,617	\$ 3,621,885

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

	Special Revenue	Debt Service	Capital Projects	Totals
Revenue				
Taxes	\$ 1,832,082	\$ 511,779	\$ -	\$ 2,343,861
Intergovernmental:				
Federal grants	747,129	-	-	747,129
State grants and distributions	1,149,864	-	-	1,149,864
Contributions from local units	143,944	73,268	137,096	354,308
Charges for services	1,451,253	-	-	1,451,253
Fines and forfeits	5,330	-	-	5,330
Contributions from private sources	860,354	-	-	860,354
Rents	150	-	-	150
Interest	61,509	17,578	51,644	130,731
Reimbursements	148,220	-	-	148,220
Total revenue	6,399,835	602,625	188,740	7,191,200
Expenditures				
Current:				
Judicial	782,022	-	-	782,022
General government	200,350	-	-	200,350
Public safety	2,747,473	-	-	2,747,473
Public works	183,245	-	79	183,324
Health and welfare	3,876,183	-	-	3,876,183
Community and economic development	227,754	-	-	227,754
Recreation and cultural	370,018	-	-	370,018
Debt service:				
Principal	-	445,000	-	445,000
Interest	-	488,031	-	488,031
Capital outlay	125,820	-	1,625,089	1,750,909
Total expenditures	8,512,865	933,031	1,625,168	11,071,064
Revenue (under) expenditures	(2,113,030)	(330,406)	(1,436,428)	(3,879,864)
Other financing sources (uses)				
Transfers in	2,508,152	299,788	770,000	3,577,940
Transfers (out)	(568,937)	-	(56,478)	(625,415)
Total other financing sources	1,939,215	299,788	713,522	2,952,525
Net changes in fund balances	(173,815)	(30,618)	(722,906)	(927,339)
Fund balances, beginning of year	2,240,041	356,332	1,417,637	4,014,010
Fund balances, end of year	\$ 2,066,226	\$ 325,714	\$ 694,731	\$ 3,086,671

COUNTY OF NEWAYGO, MICHIGAN

**Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2007**

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Assets					
Cash and cash equivalents	\$ 3,459	\$ 3,569	\$ 36,044	\$ -	\$ 35,836
Accounts receivable	-	-	603	-	-
Due from other governmental units	-	-	24,843	17,801	-
Advance to other funds	-	-	-	-	-
Total assets	\$ 3,459	\$ 3,569	\$ 61,490	\$ 17,801	\$ 35,836
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ 11,045	\$ -
Accounts payable	-	878	3,437	-	10,546
Accrued expenditures	-	1,755	1,397	620	19,391
Due to other governmental units	-	-	-	-	-
Total liabilities	-	2,633	4,834	11,665	29,937
Fund balances					
Reserved for long-term receivables	-	-	-	-	-
Unreserved, undesignated	3,459	936	56,656	6,136	5,899
Total fund balances	3,459	936	56,656	6,136	5,899
Total liabilities and fund balances	\$ 3,459	\$ 3,569	\$ 61,490	\$ 17,801	\$ 35,836

Law Enforcement	County Parks	Area Park Advisory Council	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court	Public Works
\$ -	\$ 39,909	\$ -	\$ -	\$ -	\$ 20,936	\$ 38,862	\$ 8,513
-	-	-	-	-	-	-	-
16,939	-	-	34,087	21,491	-	85,129	-
-	-	-	-	-	-	-	-
<hr/>							
\$ 16,939	\$ 39,909	\$ -	\$ 34,087	\$ 21,491	\$ 20,936	\$ 123,991	\$ 8,513
<hr/>							
\$ 15,804	\$ -	\$ -	\$ 2,941	\$ 17,796	\$ -	\$ -	\$ -
-	6,901	-	-	1,077	599	208	-
1,122	2,956	-	1,642	2,212	400	9,646	293
-	-	-	-	-	-	-	-
<hr/>							
16,926	9,857	-	4,583	21,085	999	9,854	293
<hr/>							
-	-	-	-	-	-	-	-
13	30,052	-	29,504	406	19,937	114,137	8,220
<hr/>							
13	30,052	-	29,504	406	19,937	114,137	8,220
<hr/>							
\$ 16,939	\$ 39,909	\$ -	\$ 34,087	\$ 21,491	\$ 20,936	\$ 123,991	\$ 8,513
<hr/>							

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COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
September 30, 2007

	Recycling Project	Gypsy Moth Suppression	Community Development	Public Improvement	Building Safety and Permits
Assets					
Cash and cash equivalents	\$ 13,513	\$ 38,499	\$ 50,445	\$ 8,004	\$ 5,750
Accounts receivable	3,362	-	808,358	-	-
Due from other governmental units	-	-	18,500	-	-
Advance to other funds	-	-	-	-	10,000
Total assets	\$ 16,875	\$ 38,499	\$ 877,303	\$ 8,004	\$ 15,750
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	16,875	-	15,253	-	75
Accrued expenditures	-	-	956	-	3,890
Due to other governmental units	-	-	-	-	-
Total liabilities	16,875	-	16,209	-	3,965
Fund balances					
Reserved for long-term receivables	-	-	808,358	-	-
Unreserved, undesignated	-	38,499	52,736	8,004	11,785
Total fund balances	-	38,499	861,094	8,004	11,785
Total liabilities and fund balances	\$ 16,875	\$ 38,499	\$ 877,303	\$ 8,004	\$ 15,750

Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Budget Stabilization	Drug Law Enforcement	County Law Library	Social Services
\$ 13,665	\$ 71,010	\$ 37,580	\$ 30,000	\$ 16,399	\$ 51,103	\$ 148,632
-	-	-	-	-	-	-
-	-	-	-	8,785	-	-
-	-	-	-	-	-	-
\$ 13,665	\$ 71,010	\$ 37,580	\$ 30,000	\$ 25,184	\$ 51,103	\$ 148,632
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
195	262	5,465	-	-	-	10,474
-	-	-	-	1,378	-	-
6,209	-	-	-	-	-	68,000
6,404	262	5,465	-	1,378	-	78,474
-	-	-	-	-	-	-
7,261	70,748	32,115	30,000	23,806	51,103	70,158
7,261	70,748	32,115	30,000	23,806	51,103	70,158
\$ 13,665	\$ 71,010	\$ 37,580	\$ 30,000	\$ 25,184	\$ 51,103	\$ 148,632

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
September 30, 2007

	Child Care	Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
Assets					
Cash and cash equivalents	\$ -	\$ 231,200	\$ 3,167	\$ 395,439	\$ 1,301,534
Accounts receivable	-	-	-	-	812,323
Due from other governmental units	56,122	-	-	-	283,697
Advance to other funds	-	-	-	-	10,000
Total assets	\$ 56,122	\$ 231,200	\$ 3,167	\$ 395,439	\$ 2,407,554
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ 26,705	\$ -	\$ -	\$ -	\$ 74,291
Accounts payable	19,679	6,542	637	25,458	124,561
Accrued expenditures	3,091	656	-	16,862	68,267
Due to other governmental units	-	-	-	-	74,209
Total liabilities	49,475	7,198	637	42,320	341,328
Fund balances					
Reserved for long-term receivables	-	-	-	-	808,358
Unreserved, undesignated	6,647	224,002	2,530	353,119	1,257,868
Total fund balances	6,647	224,002	2,530	353,119	2,066,226
Total liabilities and fund balances	\$ 56,122	\$ 231,200	\$ 3,167	\$ 395,439	\$ 2,407,554

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2007

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,145,586
Intergovernmental:					
Federal grants	-	-	46,070	-	-
State grants and distributions	-	-	-	35,600	-
Contributions from local units	-	-	-	-	1,250
Charges for services	-	45,537	-	-	49,671
Fines and forfeits	-	-	-	-	-
Contributions from private sources	4,682	4,910	-	-	-
Rents	-	-	-	-	-
Interest	-	-	-	-	12,132
Reimbursements	-	50	1,422	-	-
Total revenue	4,682	50,497	47,492	35,600	1,208,639
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	3,263	168,812	95,809	46,714	1,458,415
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	95,001
Total expenditures	3,263	168,812	95,809	46,714	1,553,416
Revenue over (under) expenditures	1,419	(118,315)	(48,317)	(11,114)	(344,777)
Other financing sources (uses)					
Transfers in	-	119,100	20,000	13,817	337,533
Transfers (out)	-	-	-	-	(134,038)
Total other financing sources (uses)	-	119,100	20,000	13,817	203,495
Net changes in fund balances	1,419	785	(28,317)	2,703	(141,282)
Fund balances, beginning of year	2,040	151	84,973	3,433	147,181
Fund balances, end of year	\$ 3,459	\$ 936	\$ 56,656	\$ 6,136	\$ 5,899

Law Enforcement	County Parks	Area Park Advisory Council	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court	Public Works
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	585,242	-
95,467	-	-	-	-	-	10,758	-
64,778	-	12,264	-	-	-	-	-
-	269,091	-	130,594	131,717	32,121	53,941	-
-	-	-	-	-	-	-	-
-	28,573	-	-	-	-	-	1,103
-	150	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	274	-	-	-	772	-	-
160,245	298,088	12,264	130,594	131,717	32,893	649,941	1,103
-	-	-	-	-	-	773,800	-
-	-	-	-	-	97,023	-	-
204,610	-	-	125,529	153,711	-	-	-
-	-	-	-	-	-	-	20,619
-	-	-	-	-	-	-	-
-	353,483	16,535	-	-	-	-	-
-	30,819	-	-	-	-	-	-
204,610	384,302	16,535	125,529	153,711	97,023	773,800	20,619
(44,365)	(86,214)	(4,271)	5,065	(21,994)	(64,130)	(123,859)	(19,516)
13,828	101,131	-	6,877	28,371	60,023	141,597	26,035
-	-	-	-	(6,000)	-	(42,827)	-
13,828	101,131	-	6,877	22,371	60,023	98,770	26,035
(30,537)	14,917	(4,271)	11,942	377	(4,107)	(25,089)	6,519
30,550	15,135	4,271	17,562	29	24,044	139,226	1,701
\$ 13	\$ 30,052	\$ -	\$ 29,504	\$ 406	\$ 19,937	\$ 114,137	\$ 8,220

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Recycling Project	Gypsy Moth Suppression	Community Development	Public Improvement	Building Safety and Permits
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal grants	-	-	104,227	-	-
State grants and distributions	-	-	760	-	-
Contributions from local units	27,100	-	-	-	-
Charges for services	44,062	-	1,095	-	327,000
Fines and forfeits	-	-	-	-	-
Contributions from private sources	80,000	-	11,412	-	-
Rents	-	-	-	-	-
Interest	-	-	9,223	60	-
Reimbursements	-	-	131,415	-	-
Total revenue	151,162	-	258,132	60	327,000
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	409,880
Public works	162,626	-	-	-	-
Health and welfare	-	1,242	-	-	-
Community and economic development	-	-	227,754	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	162,626	1,242	227,754	-	409,880
Revenue over (under) expenditures	(11,464)	(1,242)	30,378	60	(82,880)
Other financing sources (uses)					
Transfers in	-	-	30,000	-	91,668
Transfers (out)	-	-	-	-	(6,191)
Total other financing sources (uses)	-	-	30,000	-	85,477
Net changes in fund balances	(11,464)	(1,242)	60,378	60	2,597
Fund balances, beginning of year	11,464	39,741	800,716	7,944	9,188
Fund balances, end of year	\$ -	\$ 38,499	\$ 861,094	\$ 8,004	\$ 11,785

Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Budget Stabilization	Drug Law Enforcement	County Law Library	Social Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	388,047
-	-	-	-	38,553	-	-
-	68,290	-	-	-	-	153,509
-	-	-	-	830	4,500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,879	2,847	-	-	101	-	6,551
-	-	-	-	-	-	-
10,879	71,137	-	-	39,484	4,500	548,107
-	-	-	-	-	8,222	-
4,888	79,986	18,453	-	-	-	-
-	-	-	-	80,730	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	587,549
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,888	79,986	18,453	-	80,730	8,222	587,549
5,991	(8,849)	(18,453)	-	(41,246)	(3,722)	(39,442)
-	-	10,000	300,000	32,000	1,583	37,588
-	-	-	(270,000)	-	-	-
-	-	10,000	30,000	32,000	1,583	37,588
5,991	(8,849)	(8,453)	30,000	(9,246)	(2,139)	(1,854)
1,270	79,597	40,568	-	33,052	53,242	72,012
\$ 7,261	\$ 70,748	\$ 32,115	\$ 30,000	\$ 23,806	\$ 51,103	\$ 70,158

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended September 30, 2007

	Child Care	Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
Revenue					
Taxes	\$ -	\$ 113,858	\$ -	\$ 572,638	\$ 1,832,082
Intergovernmental:					
Federal grants	11,590	-	-	-	747,129
State grants and distributions	487,629	-	3,824	127,779	1,149,864
Contributions from local units	(1)	-	-	-	143,944
Charges for services	29,732	-	-	114,893	1,451,253
Fines and forfeits	-	-	-	-	5,330
Contributions from private sources	-	-	-	729,674	860,354
Rents	-	-	-	-	150
Interest	-	-	-	19,716	61,509
Reimbursements	-	4,000	-	10,287	148,220
Total revenue	528,950	117,858	3,824	1,574,987	6,399,835
Expenditures					
Current:					
Judicial	-	-	-	-	782,022
General government	-	-	-	-	200,350
Public safety	-	-	-	-	2,747,473
Public works	-	-	-	-	183,245
Health and welfare	1,501,849	152,588	1,402	1,631,553	3,876,183
Community and economic development	-	-	-	-	227,754
Recreation and cultural	-	-	-	-	370,018
Capital outlay	-	-	-	-	125,820
Total expenditures	1,501,849	152,588	1,402	1,631,553	8,512,865
Revenue over (under) expenditures	(972,899)	(34,730)	2,422	(56,566)	(2,113,030)
Other financing sources (uses)					
Transfers in	978,522	29,042	-	129,437	2,508,152
Transfers (out)	-	-	-	(109,881)	(568,937)
Total other financing sources (uses)	978,522	29,042	-	19,556	1,939,215
Net changes in fund balances	5,623	(5,688)	2,422	(37,010)	(173,815)
Fund balances, beginning of year	1,024	229,690	108	390,129	2,240,041
Fund balances, end of year	\$ 6,647	\$ 224,002	\$ 2,530	\$ 353,119	\$ 2,066,226

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2007

	Newaygo County Mounted Division		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	4,000	4,682	682
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	4,000	4,682	682
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	4,000	3,263	(737)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	4,000	3,263	(737)
Revenue over (under) expenditures	-	1,419	1,419
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	1,419	1,419
Fund balances, beginning of year	2,040	2,040	-
Fund balances, end of year	\$ 2,040	\$ 3,459	\$ 1,419

Animal Control			Emergency Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	58,278	46,070	(12,208)
-	-	-	-	-	-
54,181	45,537	(8,644)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	4,910	(90)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	50	50	-	1,422	1,422
59,181	50,497	(8,684)	58,278	47,492	(10,786)
-	-	-	-	-	-
-	-	-	-	-	-
178,281	168,812	(9,469)	117,940	95,809	(22,131)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
178,281	168,812	(9,469)	117,940	95,809	(22,131)
(119,100)	(118,315)	785	(59,662)	(48,317)	11,345
119,100	119,100	-	20,000	20,000	-
-	-	-	-	-	-
119,100	119,100	-	20,000	20,000	-
-	785	785	(39,662)	(28,317)	11,345
151	151	-	84,973	84,973	-
\$ 151	\$ 936	\$ 785	\$ 45,311	\$ 56,656	\$ 11,345

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Crime Victim Rights		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	36,400	35,600	(800)
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	36,400	35,600	(800)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	50,217	46,714	(3,503)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	50,217	46,714	(3,503)
Revenue over (under) expenditures	(13,817)	(11,114)	2,703
Other financing sources (uses)			
Transfers in	13,817	13,817	-
Transfers (out)	-	-	-
Total other financing sources (uses)	13,817	13,817	-
Net changes in fund balances	-	2,703	2,703
Fund balances, beginning of year	3,433	3,433	-
Fund balances, end of year	\$ 3,433	\$ 6,136	\$ 2,703

Sheriff Road Patrol			Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 1,147,900	\$ 1,145,586	\$ (2,314)	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,000	-	(3,000)	112,812	95,467	(17,345)
49,800	49,671	(129)	-	-	-
1,250	1,250	-	164,693	64,778	(99,915)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,000	12,132	132	-	-	-
-	-	-	-	-	-
1,213,950	1,208,639	(5,311)	277,505	160,245	(117,260)
-	-	-	-	-	-
-	-	-	-	-	-
1,466,595	1,458,415	(8,180)	289,833	204,610	(85,223)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
95,000	95,001	1	-	-	-
1,561,595	1,553,416	(8,179)	289,833	204,610	(85,223)
(347,645)	(344,777)	2,868	(12,328)	(44,365)	(32,037)
337,533	337,533	-	12,328	13,828	1,500
(132,538)	(134,038)	(1,500)	-	-	-
204,995	203,495	(1,500)	12,328	13,828	1,500
(142,650)	(141,282)	1,368	-	(30,537)	(30,537)
147,181	147,181	-	30,550	30,550	-
\$ 4,531	\$ 5,899	\$ 1,368	\$ 30,550	\$ 13	\$ (30,537)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	County Parks		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	316,866	269,091	(47,775)
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	28,575	28,573	(2)
Rents	-	150	150
Interest	-	-	-
Reimbursements	400	274	(126)
	<hr/>	<hr/>	<hr/>
Total revenue	345,841	298,088	(47,753)
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	416,408	353,483	(62,925)
Capital outlay	29,300	30,819	1,519
	<hr/>	<hr/>	<hr/>
Total expenditures	445,708	384,302	(61,406)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(99,867)	(86,214)	13,653
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	92,131	101,131	9,000
Transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	92,131	101,131	9,000
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(7,736)	14,917	22,653
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	15,135	15,135	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 7,399	\$ 30,052	\$ 22,653
	<hr/>	<hr/>	<hr/>

Area Park Advisory Council			County Jail Trustees Management		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	122,177	130,594	8,417
12,264	12,264	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,264	12,264	-	122,177	130,594	8,417
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	129,054	125,529	(3,525)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,536	16,535	(1)	-	-	-
-	-	-	-	-	-
16,536	16,535	(1)	129,054	125,529	(3,525)
(4,272)	(4,271)	1	(6,877)	5,065	11,942
-	-	-	6,877	6,877	-
-	-	-	-	-	-
-	-	-	6,877	6,877	-
(4,272)	(4,271)	1	-	11,942	11,942
4,271	4,271	-	17,562	17,562	-
\$ (1)	\$ -	\$ 1	\$ 17,562	\$ 29,504	\$ 11,942

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Transport Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	137,011	131,717	(5,294)
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	137,011	131,717	(5,294)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	159,382	153,711	(5,671)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	159,382	153,711	(5,671)
Revenue over (under) expenditures	(22,371)	(21,994)	377
Other financing sources (uses)			
Transfers in	28,371	28,371	-
Transfers (out)	(6,000)	(6,000)	-
Total other financing sources (uses)	22,371	22,371	-
Net changes in fund balances	-	377	377
Fund balances, beginning of year	29	29	-
Fund balances, end of year	\$ 29	\$ 406	\$ 377

Elections			Friend of the Court		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	484,198	585,242	101,044
-	-	-	(6,000)	10,758	16,758
27,800	32,121	4,321	63,150	53,941	(9,209)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,500	772	(7,728)	3,000	-	(3,000)
36,300	32,893	(3,407)	544,348	649,941	105,593
-	-	-	784,245	773,800	(10,445)
100,723	97,023	(3,700)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100,723	97,023	(3,700)	784,245	773,800	(10,445)
(64,423)	(64,130)	293	(239,897)	(123,859)	116,038
60,023	60,023	-	234,597	141,597	(93,000)
-	-	-	(42,827)	(42,827)	-
60,023	60,023	-	191,770	98,770	(93,000)
(4,400)	(4,107)	293	(48,127)	(25,089)	23,038
24,044	24,044	-	139,226	139,226	-
\$ 19,644	\$ 19,937	\$ 293	\$ 91,099	\$ 114,137	\$ 23,038

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Public Works		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	1,382	1,103	(279)
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	1,382	1,103	(279)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	27,417	20,619	(6,798)
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	27,417	20,619	(6,798)
Revenue over (under) expenditures	(26,035)	(19,516)	6,519
Other financing sources (uses)			
Transfers in	26,035	26,035	-
Transfers (out)	-	-	-
Total other financing sources (uses)	26,035	26,035	-
Net changes in fund balances	-	6,519	6,519
Fund balances, beginning of year	1,701	1,701	-
Fund balances, end of year	\$ 1,701	\$ 8,220	\$ 6,519

Recycling Program			Gypsy Moth Suppression		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
32,100	44,062	11,962	-	-	-
1,800	27,100	25,300	-	-	-
-	-	-	-	-	-
95,000	80,000	(15,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,900	151,162	22,262	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,900	162,626	33,726	-	-	-
-	-	-	8,938	1,242	(7,696)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,900	162,626	33,726	8,938	1,242	(7,696)
-	(11,464)	(11,464)	(8,938)	(1,242)	7,696
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(11,464)	(11,464)	(8,938)	(1,242)	7,696
11,464	11,464	-	39,741	39,741	-
\$ 11,464	\$ -	\$ (11,464)	\$ 30,803	\$ 38,499	\$ 7,696

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	108,663	104,227	(4,436)
State	3,837	760	(3,077)
Charges for services	1,000	1,095	95
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	35,000	11,412	(23,588)
Rents	-	-	-
Interest	1,650	9,223	7,573
Reimbursements	23,500	131,415	107,915
Total revenue	173,650	258,132	84,482
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	229,533	227,754	(1,779)
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	229,533	227,754	(1,779)
Revenue over (under) expenditures	(55,883)	30,378	86,261
Other financing sources (uses)			
Transfers in	30,000	30,000	-
Transfers (out)	-	-	-
Total other financing sources (uses)	30,000	30,000	-
Net changes in fund balances	(25,883)	60,378	86,261
Fund balances, beginning of year	800,716	800,716	-
Fund balances, end of year	\$ 774,833	\$ 861,094	\$ 86,261

Public Improvement			Building Safety and Permits		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	404,280	327,000	(77,280)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	60	60	-	-	-
-	-	-	-	-	-
-	60	60	404,280	327,000	(77,280)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	488,981	409,880	(79,101)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	488,981	409,880	(79,101)
-	60	60	(84,701)	(82,880)	1,821
-	-	-	91,668	91,668	-
-	-	-	6,967	(6,191)	(13,158)
-	-	-	98,635	85,477	(13,158)
-	60	60	13,934	2,597	(11,337)
7,944	7,944	-	9,188	9,188	-
\$ 7,944	\$ 8,004	\$ 60	\$ 23,122	\$ 11,785	\$ (11,337)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Homestead Exemption Audit		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	6,000	10,879	4,879
Reimbursements	-	-	-
	6,000	10,879	4,879
Expenditures			
Current:			
Judicial	-	-	-
General government	6,000	4,888	(1,112)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
	6,000	4,888	(1,112)
Revenue over (under) expenditures	-	5,991	5,991
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
	-	-	-
Net changes in fund balances	-	5,991	5,991
Fund balances, beginning of year	1,270	1,270	-
Fund balances, end of year	\$ 1,270	\$ 7,261	\$ 5,991

Register of Deeds Automation			Electronic Systems		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
36,734	68,290	31,556	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50	2,847	2,797	-	-	-
-	-	-	-	-	-
36,784	71,137	34,353	-	-	-
-	-	-	-	-	-
75,784	79,986	4,202	18,874	18,453	(421)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
75,784	79,986	4,202	18,874	18,453	(421)
(39,000)	(8,849)	30,151	(18,874)	(18,453)	421
-	-	-	10,000	10,000	-
-	-	-	-	-	-
-	-	-	10,000	10,000	-
(39,000)	(8,849)	30,151	(8,874)	(8,453)	421
79,597	79,597	-	40,568	40,568	-
\$ 40,597	\$ 70,748	\$ 30,151	\$ 31,694	\$ 32,115	\$ 421

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Budget Stabilization		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	-	-	-
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	300,000	300,000	-
Transfers (out)	(270,000)	(270,000)	-
Total other financing sources (uses)	30,000	30,000	-
Net changes in fund balances	30,000	30,000	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ 30,000	\$ 30,000	\$ -

Drug Law Enforcement			County Law Library		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,824	38,553	(8,271)	-	-	-
1,000	830	(170)	6,500	4,500	(2,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	101	101	-	-	-
-	-	-	-	-	-
47,824	39,484	(8,340)	6,500	4,500	(2,000)
-	-	-	8,083	8,222	139
-	-	-	-	-	-
81,589	80,730	(859)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
81,589	80,730	(859)	8,083	8,222	139
(33,765)	(41,246)	(7,481)	(1,583)	(3,722)	(2,139)
32,000	32,000	-	1,583	1,583	-
-	-	-	-	-	-
32,000	32,000	-	1,583	1,583	-
(1,765)	(9,246)	(7,481)	-	(2,139)	(2,139)
33,052	33,052	-	53,242	53,242	-
\$ 31,287	\$ 23,806	\$ (7,481)	\$ 53,242	\$ 51,103	\$ (2,139)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2007

	Social Services		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	371,315	388,047	16,732
Charges for services	65,776	153,509	87,733
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	1,061	6,551	5,490
Reimbursements	-	-	-
Total revenue	438,152	548,107	109,955
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	475,740	587,549	111,809
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	475,740	587,549	111,809
Revenue over (under) expenditures	(37,588)	(39,442)	(1,854)
Other financing sources (uses)			
Transfers in	37,588	37,588	-
Transfers (out)	-	-	-
Total other financing sources (uses)	37,588	37,588	-
Net changes in fund balances	-	(1,854)	(1,854)
Fund balances, beginning of year	72,012	72,012	-
Fund balances, end of year	\$ 72,012	\$ 70,158	\$ (1,854)

Child Care		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
21,175	11,590	(9,585)
211,395	487,629	276,234
46,478	29,732	(16,746)
-	(1)	(1)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
279,048	528,950	249,902
-	-	-
-	-	-
-	-	-
-	-	-
1,164,570	1,501,849	337,279
-	-	-
-	-	-
-	-	-
1,164,570	1,501,849	337,279
(885,522)	(972,899)	(87,377)
885,522	978,522	93,000
-	-	-
885,522	978,522	93,000
-	5,623	5,623
1,024	1,024	-
\$ 1,024	\$ 6,647	\$ 5,623

Soldiers' Relief		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ 110,000	\$ 113,858	\$ 3,858
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	4,000	2,000
112,000	117,858	5,858
-	-	-
-	-	-
-	-	-
-	-	-
141,042	152,588	11,546
-	-	-
-	-	-
-	-	-
141,042	152,588	11,546
(29,042)	(34,730)	(5,688)
29,042	29,042	-
-	-	-
29,042	29,042	-
-	(5,688)	(5,688)
229,690	229,690	-
\$ 229,690	\$ 224,002	\$ (5,688)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended September 30, 2007

	Veterans' Trust		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Federal	-	-	-
State	3,580	3,824	244
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	3,580	3,824	244
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	3,580	1,402	(2,178)
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	3,580	1,402	(2,178)
Revenue over (under) expenditures	-	2,422	2,422
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	2,422	2,422
Fund balances, beginning of year	108	108	-
Fund balances, end of year	\$ 108	\$ 2,530	\$ 2,422

Commission on Aging			Total		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 574,100	\$ 572,638	\$ (1,462)	\$ 1,832,000	\$ 1,832,082	\$ 82
-	-	-	672,314	747,129	74,815
243,556	127,779	(115,777)	979,895	1,149,864	169,969
117,021	114,893	(2,128)	1,474,374	1,451,253	(23,121)
-	-	-	226,831	143,944	(82,887)
-	-	-	7,500	5,330	(2,170)
838,057	729,674	(108,383)	1,007,014	860,354	(146,660)
-	-	-	-	150	150
20,800	19,716	(1,084)	41,561	61,509	19,948
41,100	10,287	(30,813)	78,500	148,220	69,720
1,834,634	1,574,987	(259,647)	6,319,989	6,399,835	79,846
-	-	-	792,328	782,022	(10,306)
-	-	-	201,381	200,350	(1,031)
-	-	-	2,965,872	2,747,473	(218,399)
-	-	-	156,317	183,245	26,928
1,895,717	1,631,553	(264,164)	3,689,587	3,876,183	186,596
-	-	-	229,533	227,754	(1,779)
-	-	-	432,944	370,018	(62,926)
-	-	-	124,300	125,820	1,520
1,895,717	1,631,553	(264,164)	8,592,262	8,512,865	(79,397)
(61,083)	(56,566)	4,517	(2,272,273)	(2,113,030)	159,243
122,683	129,437	6,754	2,490,898	2,508,152	17,254
(103,127)	(109,881)	(6,754)	(547,525)	(568,937)	(21,412)
19,556	19,556	-	1,943,373	1,939,215	(4,158)
(41,527)	(37,010)	4,517	(328,900)	(173,815)	155,085
390,129	390,129	-	2,240,041	2,240,041	-
\$ 348,602	\$ 353,119	\$ 4,517	\$ 1,911,141	\$ 2,066,226	\$ 155,085

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2007

	ISD	FIA	Medical Care Facility	2006 Bonds	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 325,714	\$ -	\$ 325,714
Fund balances					
Unreserved, undesignated	\$ -	\$ -	\$ 325,714	\$ -	\$ 325,714

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended September 30, 2007

	ISD	FIA	Medical Care Facility	2006 Bonds	Total
Revenue					
Property tax revenue	\$ -	\$ -	\$ 511,779	\$ -	\$ 511,779
Contributions from local units	73,268	-	-	-	73,268
Interest	-	-	17,578	-	17,578
Total revenue	73,268	-	529,357	-	602,625
Expenditures					
Debt service:					
Principal	50,000	195,000	200,000	-	445,000
Interest and fiscal charges	23,268	48,310	359,975	56,478	488,031
Total expenditures	73,268	243,310	559,975	56,478	876,553
Revenue (under) expenditures	-	(243,310)	(30,618)	(56,478)	(330,406)
Other financing sources					
Transfers in	-	243,310	-	56,478	299,788
Net changes in fund balances	-	-	(30,618)	-	(30,618)
Fund balances, beginning of year	-	-	356,332	-	356,332
Fund balances, end of year	\$ -	\$ -	\$ 325,714	\$ -	\$ 325,714

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2007

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Capital Improvements	Total
Assets						
Cash and cash equivalents	\$ 7,417	\$ 498,195	\$ 348	\$ 112,657	\$ 270,000	\$ 888,617
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 68,886	\$ -	\$ 68,886
Advance from other funds	-	-	125,000	-	-	125,000
Total liabilities	-	-	125,000	68,886	-	193,886
Fund balances						
Unreserved, undesignated, deficit	7,417	498,195	(124,652)	43,771	270,000	694,731
Total liabilities and fund balances	<u>\$ 7,417</u>	<u>\$ 498,195</u>	<u>\$ 348</u>	<u>\$ 112,657</u>	<u>\$ 270,000</u>	<u>\$ 888,617</u>

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended September 30, 2007

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Capital Improvements	Total
Revenue						
Interest	\$ -	\$ 22,116	\$ 21	\$ 29,507	\$ -	\$ 51,644
Contributions from local governments	-	-	137,096	-	-	137,096
Total revenue	-	22,116	137,117	29,507	-	188,740
Expenditures						
Public works	-	-	79	-	-	79
Capital outlay	-	-	12,719	1,612,370	-	1,625,089
Total expenditures	-	-	12,798	1,612,370	-	1,625,168
Revenue over (under) expenditures	-	22,116	124,319	(1,582,863)	-	(1,436,428)
Other financing sources (uses)						
Transfers in	-	-	-	500,000	270,000	770,000
Transfers out	-	-	-	(56,478)	-	(56,478)
Total other financing sources (uses)	-	-	-	443,522	270,000	713,522
Net changes in fund balances	-	22,116	124,319	(1,139,341)	270,000	(722,906)
Fund balances, beginning of year	7,417	476,079	(248,971)	1,183,112	-	1,417,637
Fund balances, end of year	\$ 7,417	\$ 498,195	\$ (124,652)	\$ 43,771	\$ 270,000	\$ 694,731

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2007

	2001	2002	2003
	Delinquent	Delinquent	Delinquent
	Tax	Tax	Tax
<hr/>			
Assets			
Current assets:			
Cash and cash equivalents	\$ 376,134	\$ 405,588	\$ 353,226
Investments	397,386	296,650	199,569
Total current assets	<hr/> 773,520	<hr/> 702,238	<hr/> 552,795
Long term assets:			
Long-term advances to component units	-	77,589	-
Delinquent taxes receivable	1,021	2,139	3,235
Total long-term assets	<hr/> 1,021	<hr/> 79,728	<hr/> 3,235
Total assets	<hr/> 774,541	<hr/> 781,966	<hr/> 556,030
<hr/>			
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
	<hr/>	<hr/>	<hr/>
Net assets			
Unrestricted	<hr/> \$ 774,541	<hr/> \$ 781,966	<hr/> \$ 556,030
	<hr/>	<hr/>	<hr/>

2004 Delinquent Tax	2005 Delinquent Tax	Building Authority	Total
\$ 788,906	\$ 15,825	\$ 132,526	\$ 2,072,205
-	-	-	893,605
788,906	15,825	132,526	2,965,810
-	-	-	77,589
6,979	399,731	-	413,105
6,979	399,731	-	490,694
795,885	415,556	132,526	3,456,504
-	32,882	1,800	34,682
\$ 795,885	\$ 382,674	\$ 130,726	\$ 3,421,822

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2007

	2001	2002	2003
	Delinquent	Delinquent	Delinquent
	Tax	Tax	Tax
Operating revenue			
Charges for services	\$ 104	\$ 268	\$ 393
Rents	-	-	-
Interest and penalties on delinquent taxes	1,079	7,179	(5,759)
Reimbursements	25	448	1,038
	<hr/>	<hr/>	<hr/>
Total operating revenue	1,208	7,895	(4,328)
	<hr/>	<hr/>	<hr/>
Operating expense			
Cost of services	11	43	1,940
	<hr/>	<hr/>	<hr/>
Operating income	1,197	7,852	(6,268)
	<hr/>	<hr/>	<hr/>
Non-operating revenue (expenses)			
Interest revenue	32,770	33,504	20,988
Interest expense	-	-	-
	<hr/>	<hr/>	<hr/>
Total non-operating revenue (expenses)	32,770	33,504	20,988
	<hr/>	<hr/>	<hr/>
Income before transfers	33,967	41,356	14,720
	<hr/>	<hr/>	<hr/>
Transfers			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total transfers	-	-	-
	<hr/>	<hr/>	<hr/>
Change in net assets	33,967	41,356	14,720
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	740,574	740,610	541,310
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u><u>\$ 774,541</u></u>	<u><u>\$ 781,966</u></u>	<u><u>\$ 556,030</u></u>

2004 Delinquent Tax	2005 Delinquent Tax	Building Authority	Total
\$ 10,143	\$ 63,083	\$ -	\$ 73,991
-	-	317,180	317,180
83,345	232,707	-	318,551
301,414	112,035	-	414,960
394,902	407,825	317,180	1,124,682
56,186	131,698	111,293	301,171
338,716	276,127	205,887	823,511
18,989	11,305	-	117,556
-	(54,674)	-	(54,674)
18,989	(43,369)	-	62,882
357,705	232,758	205,887	886,393
-	-	7,257	7,257
-	(10,182)	(250,567)	(260,749)
-	(10,182)	(243,310)	(253,492)
357,705	222,576	(37,423)	632,901
438,180	160,098	168,149	2,788,921
\$ 795,885	\$ 382,674	\$ 130,726	\$ 3,421,822

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2007

	2001	2002	2003
	Delinquent	Delinquent	Delinquent
	Tax	Tax	Tax
Cash flows from operating activities			
Cash received from customers	\$ 3,785	\$ 13,835	\$ 5,209
Cash payments to suppliers for goods and services	(1,094)	222	(1,546)
Net cash provided by operating activities	2,691	14,057	3,663
Cash flows from non-capital financing activities			
Principal payments on note payable	-	-	-
Interest payments on note payable	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net cash used in non-capital financing activities	-	-	-
Cash flows from investing activities			
Interest received	32,770	33,504	20,988
Purchases of investments	(4,950)	197,939	168
Net cash provided by investing activities	27,820	231,443	21,156
Net increase (decrease) in cash and cash equivalents	30,511	245,500	24,819
Cash and cash equivalents, beginning of year	345,623	160,088	328,407
Cash and cash equivalents, end of year	\$ 376,134	\$ 405,588	\$ 353,226
Cash flows from operating activities			
Operating income	\$ 1,197	\$ 7,852	\$ (6,268)
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in:			
Taxes receivable	2,577	5,940	9,537
Accounts payable	(1,083)	265	394
Net cash provided by (used in) operating activities	\$ 2,691	\$ 14,057	\$ 3,663

2004 Delinquent Tax	2005 Delinquent Tax	Building Authority	Total
\$ 649,650	\$ 2,008,226	\$ 317,180	\$ 2,997,885
(84,854)	(105,165)	(111,293)	(303,730)
564,796	1,903,061	205,887	2,694,155
-	(2,530,965)	-	(2,530,965)
-	(54,674)	-	(54,674)
-	-	7,257	7,257
-	(10,182)	(250,567)	(260,749)
-	(2,595,821)	(243,310)	(2,839,131)
18,989	11,305	-	117,556
-	-	-	193,157
18,989	11,305	-	310,713
583,785	(681,455)	(37,423)	165,737
205,121	697,280	169,949	1,906,468
\$ 788,906	\$ 15,825	\$ 132,526	\$ 2,072,205
\$ 338,716	\$ 276,127	\$ 205,887	\$ 823,511
254,748	1,600,401	-	1,873,203
(28,668)	26,533	-	(2,559)
\$ 564,796	\$ 1,903,061	\$ 205,887	\$ 2,694,155

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2007

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Assets					
Current assets:					
Cash and cash equivalents	\$ 63,047	\$ 7,919	\$ 108,139	\$ -	\$ 57,748
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
Total current assets	63,047	7,919	108,139	-	57,748
Noncurrent assets:					
Capital assets being depreciated, net	38,524	-	33,604	-	43,251
Total assets	101,571	7,919	141,743	-	100,999
Liabilities					
Current liabilities:					
Accounts payable	23,887	88	-	-	992
Accrued expenses	3,018	2,309	-	-	3,133
Due to other funds	-	-	-	-	-
Total current liabilities	26,905	2,397	-	-	4,125
Noncurrent liabilities:					
Long-term advances from other funds	-	-	-	-	-
Total liabilities	26,905	2,397	-	-	4,125
Net assets					
Invested in capital assets	38,524	-	33,604	-	43,251
Unrestricted	36,142	5,522	108,139	-	53,623
Total net assets	\$ 74,666	\$ 5,522	\$ 141,743	\$ -	\$ 96,874

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ 1,057	\$ 30,163	\$ 13,011	\$ 175,057	\$ 18,902	\$ 44,696	\$ 296,774	\$ (29,601)
-	-	-	-	-	-	-	-
-	-	201	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,057	30,163	13,212	175,057	18,902	44,696	296,774	(29,601)
-	30,458	-	42,537	-	-	8,004	178,632
1,057	60,621	13,212	217,594	18,902	44,696	304,778	149,031
-	99	4	1,557	81	40,898	1,013	-
-	-	42	-	-	123	-	-
-	8,983	-	-	-	-	-	-
-	9,082	46	1,557	81	41,021	1,013	-
-	-	10,000	-	-	-	-	-
-	9,082	10,046	1,557	81	41,021	1,013	-
-	30,458	-	42,537	-	-	8,004	178,632
1,057	21,081	3,166	173,500	18,821	3,675	295,761	(29,601)
\$ 1,057	\$ 51,539	\$ 3,166	\$ 216,037	\$ 18,821	\$ 3,675	\$ 303,765	\$ 149,031

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds (Concluded)
September 30, 2007

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Assets					
Current assets:					
Cash and cash equivalents	\$ 184,341	\$ 333,893	\$ 407,623	\$ 30,000	\$ 71,449
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	183,598	67,942	-	-
Total current assets	184,341	517,491	475,565	30,000	71,449
Noncurrent assets:					
Capital assets being depreciated, net	-	-	-	-	7,849
Total assets	184,341	517,491	475,565	30,000	79,298
Liabilities					
Current liabilities:					
Accounts payable	-	163,146	170,057	-	-
Accrued expenses	-	1,666	-	-	-
Due to other funds	-	-	-	-	-
Total current liabilities	-	164,812	170,057	-	-
Noncurrent liabilities:					
Long-term advances from other funds	-	-	-	-	-
Total liabilities	-	164,812	170,057	-	-
Net assets					
Invested in capital assets	-	-	-	-	7,849
Unrestricted	184,341	352,679	305,508	30,000	71,449
Total net assets	\$ 184,341	\$ 352,679	\$ 305,508	\$ 30,000	\$ 79,298

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 9,627	\$ 15,532	\$ 365,915	\$ 816,363	\$ 1,444,814	\$ 943,027	\$ 5,409,496
-	499,845	-	-	-	-	499,845
-	-	-	-	-	-	201
18,938	-	-	-	-	-	18,938
-	-	-	-	-	-	251,540
28,565	515,377	365,915	816,363	1,444,814	943,027	6,180,020
-	-	-	-	-	-	382,859
28,565	515,377	365,915	816,363	1,444,814	943,027	6,562,879
-	-	-	-	838	-	402,660
563	-	-	-	-	3,704	14,558
14,000	25,725	-	-	-	-	48,708
14,563	25,725	-	-	838	3,704	465,926
-	-	-	-	-	-	10,000
14,563	25,725	-	-	838	3,704	475,926
-	-	-	-	-	-	382,859
14,002	489,652	365,915	816,363	1,443,976	939,323	5,704,094
\$ 14,002	\$ 489,652	\$ 365,915	\$ 816,363	\$ 1,443,976	\$ 939,323	\$ 6,086,953

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2007

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Operating revenue					
Charges for services	\$ 449,652	\$ 105,168	\$ 4,578	\$ -	\$ 11,301
Reimbursements	-	-	-	-	986
Total operating revenue	449,652	105,168	4,578	-	12,287
Operating expense					
Cost of services	530,992	151,288	5,290	-	375,477
Depreciation	5,332	-	11,039	-	25,867
Total operating expense	536,324	151,288	16,329	-	401,344
Operating income (loss)	(86,672)	(46,120)	(11,751)	-	(389,057)
Non-operating revenue					
Interest earned on investments	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Non-operating revenue	-	-	-	-	-
Income before transfers	(86,672)	(46,120)	(11,751)	-	(389,057)
Other financing sources (uses)					
Transfers in	102,482	41,354	-	-	340,019
Transfers out	-	(1,000)	-	-	-
Total other financing sources (uses)	102,482	40,354	-	-	340,019
Change in net assets	15,810	(5,766)	(11,751)	-	(49,038)
Net assets, beginning of year	58,856	11,288	153,494	-	145,912
Net assets, end of year	\$ 74,666	\$ 5,522	\$ 141,743	\$ -	\$ 96,874

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ -	\$ 170,591	\$ -	\$ 85,544	\$ -	\$ 444,424	\$ 120,447 370	\$ 51,053
-	-	-	-	-	-	-	-
-	170,591	-	85,544	-	444,424	120,817	51,053
138	23,544	5,298	34,790	42,226	360,790	62,707	3,515
-	3,101	-	11,724	-	-	5,127	123,121
138	26,645	5,298	46,514	42,226	360,790	67,834	126,636
(138)	143,946	(5,298)	39,030	(42,226)	83,634	52,983	(75,583)
6	248	-	-	-	-	-	-
-	-	-	-	-	-	-	4,000
6	248	-	-	-	-	-	4,000
(132)	144,194	(5,298)	39,030	(42,226)	83,634	52,983	(71,583)
-	-	-	-	-	-	-	81,000
-	(126,041)	-	(6,700)	(4,397)	(80,000)	(10,000)	(85,599)
-	(126,041)	-	(6,700)	(4,397)	(80,000)	(10,000)	(4,599)
(132)	18,153	(5,298)	32,330	(46,623)	3,634	42,983	(76,182)
1,189	33,386	8,464	183,707	65,444	41	260,782	225,213
\$ 1,057	\$ 51,539	\$ 3,166	\$ 216,037	\$ 18,821	\$ 3,675	\$ 303,765	\$ 149,031

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds (Concluded)
For the Year Ended September 30, 2007

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Operating revenue					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Reimbursements	36,002	2,563,924	326,804	-	444
Total operating revenue	36,002	2,563,924	326,804	-	3,444
Operating expense					
Cost of services	12,244	2,215,020	268,177	-	2,769
Depreciation	-	-	-	-	1,347
Total operating expense	12,244	2,215,020	268,177	-	4,116
Operating income (loss)	23,758	348,904	58,627	-	(672)
Non-operating revenue					
Interest earned on investments	-	-	25,252	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Non-operating revenue	-	-	25,252	-	-
Income before transfers	23,758	348,904	83,879	-	(672)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(50,000)	-	(25,000)	-	(10,000)
Total other financing sources (uses)	(50,000)	-	(25,000)	-	(10,000)
Change in net assets	(26,242)	348,904	58,879	-	(10,672)
Net assets, beginning of year	210,583	3,775	246,629	30,000	89,970
Net assets, end of year	\$ 184,341	\$ 352,679	\$ 305,508	\$ 30,000	\$ 79,298

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 72,553	\$ -	\$ -	\$ -	\$ 231,264	\$ 160,005	\$ 1,909,580
-	47,539	270,385	57,296	-	-	3,303,750
72,553	47,539	270,385	57,296	231,264	160,005	5,213,330
49,233	-	194,136	-	47,497	169,343	4,554,474
-	-	-	-	-	-	186,658
49,233	-	194,136	-	47,497	169,343	4,741,132
23,320	47,539	76,249	57,296	183,767	(9,338)	472,198
-	40,170	47,300	-	-	-	112,976
-	-	-	-	-	-	4,000
-	40,170	47,300	-	-	-	116,976
23,320	87,709	123,549	57,296	183,767	(9,338)	589,174
6,000	-	-	-	-	-	570,855
(15,384)	(75,000)	(50,000)	-	-	(28,000)	(567,121)
(9,384)	(75,000)	(50,000)	-	-	(28,000)	3,734
13,936	12,709	73,549	57,296	183,767	(37,338)	592,908
66	476,943	292,366	759,067	1,260,209	976,661	5,494,045
\$ 14,002	\$ 489,652	\$ 365,915	\$ 816,363	\$ 1,443,976	\$ 939,323	\$ 6,086,953

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2007

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Cash flows from operating activities					
Cash received from interfund services	\$ 449,652	\$ 105,168	\$ 4,578	\$ -	\$ 12,287
Cash payments to suppliers for goods and services	(344,745)	(1,985)	(5,290)	-	(165,523)
Cash payments to employees	(179,878)	(149,705)	-	-	(216,184)
Net cash provided by (used in) operating activities	(74,971)	(46,522)	(712)	-	(369,420)
Cash flows from non-capital financing activities					
Transfers in	102,482	41,354	-	-	340,019
Transfers out	-	(1,000)	-	-	-
Net cash used by non-capital financial activities	102,482	40,354	-	-	340,019
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	-	-	(3,612)	-	(11,299)
Net cash used by capital and related financing activities	-	-	(3,612)	-	(11,299)
Cash flows from investing activities					
Purchases of investments	-	-	-	-	-
Interest earnings	-	-	-	-	-
Net cash used by investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	27,511	(6,168)	(4,324)	-	(40,700)
Cash and cash equivalents, beginning of year	35,536	14,087	112,463	-	98,448
Cash and cash equivalents, end of year	\$ 63,047	\$ 7,919	\$ 108,139	\$ -	\$ 57,748

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ -	\$ 170,591	\$ -	\$ 85,544	\$ -	\$ 444,424	\$ 120,817	\$ 23,439
(138)	(14,462)	(2,610)	(35,525)	(1,860)	(337,757)	(64,355)	(3,515)
-	-	(2,745)	-	(41,362)	(7,658)	-	-
(138)	156,129	(5,355)	50,019	(43,222)	99,009	56,462	19,924
-	-	-	-	-	-	-	81,000
-	(126,041)	-	(6,700)	(4,397)	(80,000)	(10,000)	(85,599)
-	(126,041)	-	(6,700)	(4,397)	(80,000)	(10,000)	(4,599)
-	-	-	-	-	-	-	4,000
-	(7,985)	-	(20,980)	-	-	-	(123,611)
-	(7,985)	-	(20,980)	-	-	-	(119,611)
-	-	-	-	-	-	-	-
6	248	-	-	-	-	-	-
6	248	-	-	-	-	-	-
(132)	22,351	(5,355)	22,339	(47,619)	19,009	46,462	(104,286)
1,189	7,812	18,366	152,718	66,521	25,687	250,312	74,685
\$ 1,057	\$ 30,163	\$ 13,011	\$ 175,057	\$ 18,902	\$ 44,696	\$ 296,774	\$ (29,601)

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended September 30, 2007

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Cash received from interfund services	\$ 36,002	\$ 2,565,146	\$ 326,804	\$ -	\$ 3,444
Cash payments to suppliers for goods and services	(12,244)	(2,317,378)	(302,050)	-	(2,769)
Cash payments to employees	-	(83,577)	-	-	-
Net cash provided by (used in) operating activities	23,758	164,191	24,754	-	675
Cash flows from non-capital financing activities					
Transfers in	-	-	-	-	-
Transfers out	(50,000)	-	(25,000)	-	(10,000)
Net cash used by non-capital financial activities	(50,000)	-	(25,000)	-	(10,000)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Purchases of investments	-	-	-	-	-
Interest earnings	-	-	25,252	-	-
Net cash provided by (used in) investing activities	-	-	25,252	-	-
Net increase (decrease) in cash and cash equivalents	(26,242)	164,191	25,006	-	(9,325)
Cash and cash equivalents, beginning of year	210,583	169,702	382,617	30,000	80,774
Cash and cash equivalents, end of year	\$ 184,341	\$ 333,893	\$ 407,623	\$ 30,000	\$ 71,449

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 72,634	\$ 47,539	\$ 270,385	\$ 57,296	\$ 231,264	\$ 160,005	\$ 5,187,019
(8,516)	-	(194,136)	-	-	-	(3,814,858)
(41,904)	-	-	-	(48,882)	(166,056)	(937,951)
22,214	47,539	76,249	57,296	182,382	(6,051)	434,210
6,000	-	-	-	-	-	570,855
(15,384)	(75,000)	(50,000)	-	-	(28,000)	(567,121)
(9,384)	(75,000)	(50,000)	-	-	(28,000)	3,734
-	-	-	-	-	-	4,000
-	-	-	-	-	-	(167,487)
-	-	-	-	-	-	(163,487)
-	(1,720)	-	-	-	-	(1,720)
-	40,170	47,300	-	-	-	112,976
-	38,450	47,300	-	-	-	111,256
12,830	10,989	73,549	57,296	182,382	(34,051)	385,713
(3,203)	4,543	292,366	759,067	1,262,432	977,078	5,023,783
\$ 9,627	\$ 15,532	\$ 365,915	\$ 816,363	\$ 1,444,814	\$ 943,027	\$ 5,409,496

(continued...)

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended September 30, 2007

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Cash flows from operating activities					
Operating income (loss)	\$ (86,672)	\$ (46,120)	\$ (11,751)	\$ -	\$ (389,057)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	5,332	-	11,039	-	25,867
(Increase) decrease in:					
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
Accounts payable	5,048	(444)	-	-	(5,544)
Accrued expenses	1,321	42	-	-	(686)
Due to other funds	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (74,971)</u>	<u>\$ (46,522)</u>	<u>\$ (712)</u>	<u>\$ -</u>	<u>\$ (369,420)</u>

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ (138)	\$ 143,946	\$ (5,298)	\$ 39,030	\$ (42,226)	\$ 83,634	\$ 52,983	\$ (75,583)
-	3,101	-	11,724	-	-	5,127	123,121
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	99	4	(735)	(178)	15,373	(1,648)	-
-	-	(61)	-	(818)	2	-	-
-	8,983	-	-	-	-	-	(27,614)
\$ (138)	\$ 156,129	\$ (5,355)	\$ 50,019	\$ (43,222)	\$ 99,009	\$ 56,462	\$ 19,924

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
For the Year Ended September 30, 2007

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Operating income (loss)	\$ 23,758	\$ 348,904	\$ 58,627	\$ -	\$ (672)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	-	-	-	1,347
(Increase) decrease in:					
Accounts receivable	-	1,222	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	(183,598)	(67,942)	-	-
Accounts payable	-	162,542	34,069	-	-
Accrued expenditures	-	(164,879)	-	-	-
Due to other funds	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 23,758</u>	<u>\$ 164,191</u>	<u>\$ 24,754</u>	<u>\$ -</u>	<u>\$ 675</u>

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 23,320	\$ 47,539	\$ 76,249	\$ 57,296	\$ 183,767	\$ (9,338)	\$ 472,198
-	-	-	-	-	-	186,658
-	-	-	-	-	-	1,222
81	-	-	-	-	-	81
-	-	-	-	-	-	(251,540)
(1,196)	-	-	-	(1,385)	-	206,005
9	-	-	-	-	3,287	(161,783)
-	-	-	-	-	-	(18,631)
<u>\$ 22,214</u>	<u>\$ 47,539</u>	<u>\$ 76,249</u>	<u>\$ 57,296</u>	<u>\$ 182,382</u>	<u>\$ (6,051)</u>	<u>\$ 434,210</u>

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Fiduciary Funds
September 30, 2007

	Agency Funds					Total
	Central Payroll Processing	Central Accounts Payable	Trust and Agency	Trust and Agency Outside Accounts	Library Penal	
Assets						
Cash and cash equivalents	\$ 31,886	\$ -	\$ 2,253,292	\$ 75,237	\$ 49,679	\$ 2,410,094
Accounts receivable	-	578	-	-	-	578
Due from other governments	-	-	743,136	-	-	743,136
Total assets	<u>\$ 31,886</u>	<u>\$ 578</u>	<u>\$ 2,996,428</u>	<u>\$ 75,237</u>	<u>\$ 49,679</u>	<u>\$ 3,153,808</u>
Liabilities						
Accounts payable	\$ 32,313	\$ -	\$ 41,314	\$ -	\$ -	\$ 73,627
Bank overdrafts	-	578	-	-	-	578
Due to other governments	-	-	2,955,114	-	-	2,955,114
Undistributed receipts	(427)	-	-	75,237	49,679	124,489
Total liabilities	<u>\$ 31,886</u>	<u>\$ 578</u>	<u>\$ 2,996,428</u>	<u>\$ 75,237</u>	<u>\$ 49,679</u>	<u>\$ 3,153,808</u>

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
Central Payroll Processing				
Assets				
Cash and cash equivalents	\$ 483	\$ 6,906,910	\$ 6,875,507	\$ 31,886
Due from other funds	-	12,358,938	12,358,938	-
Total assets	\$ 483	\$ 19,265,848	\$ 19,234,445	\$ 31,886
Liabilities				
Accounts payable	\$ -	\$ 822,283	\$ 789,970	32,313
Due to other governments	-	3,663,369	3,663,369	-
Due to other funds	-	3,876,060	3,876,060	-
Undistributed receipts	483	-	910	(427)
Total liabilities	\$ 483	\$ 8,361,712	\$ 8,330,309	\$ 31,886
Central Accounts Payable				
Assets				
Accounts receivable	\$ -	\$ 12,808,596	\$ 12,808,018	\$ 578
Bank overdraft	\$ -	\$ 21,334,375	\$ 21,333,797	\$ 578
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 5,534,146	\$ 9,995,641	\$ 13,276,495	\$ 2,253,292
Due from other governments	863,608	1,296,309	1,416,781	743,136
Total assets	\$ 6,397,754	\$ 11,291,950	\$ 14,693,276	\$ 2,996,428
Liabilities				
Accounts payable	\$ 32,649	\$ 13,378,612	\$ 13,369,947	\$ 41,314
Due to other governments	6,365,105	11,297,107	14,707,098	2,955,114
Total liabilities	\$ 6,397,754	\$ 24,675,719	\$ 28,077,045	\$ 2,996,428
Trust and Agency Outside Accounts				
Assets				
Cash and cash equivalents	\$ 128,796	\$ -	\$ 53,559	\$ 75,237
Liabilities				
Due to other governments	\$ 44,101	\$ -	\$ 44,101	\$ -
Undistributed receipts	84,695	13,371	22,829	75,237
Total liabilities	\$ 128,796	\$ 13,371	\$ 66,930	\$ 75,237

Continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Concluded)
All Agency Funds
For the Year Ended September 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
Library Penal				
Assets				
Cash and cash equivalents	\$ 42,165	\$ 421,382	\$ 413,868	\$ 49,679
Accounts receivable	15,532	193,085	208,617	-
Total assets	<u>\$ 57,697</u>	<u>\$ 614,467</u>	<u>\$ 622,485</u>	<u>\$ 49,679</u>
Liabilities				
Accounts payable	\$ -	\$ 1,024,620	\$ 1,024,620	\$ -
Undistributed receipts	57,697	413,867	421,885	49,679
Total liabilities	<u>\$ 57,697</u>	<u>\$ 1,438,487</u>	<u>\$ 1,446,505</u>	<u>\$ 49,679</u>
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 5,705,590	\$ 17,323,933	\$ 20,619,429	\$ 2,410,094
Accounts receivable	15,532	13,001,681	13,016,635	578
Due from other governments	863,608	1,296,309	1,416,781	743,136
Total assets	<u>\$ 6,584,730</u>	<u>\$ 31,621,923</u>	<u>\$ 35,052,845</u>	<u>\$ 3,153,808</u>
Liabilities				
Accounts payable	\$ 32,649	\$ 14,403,232	\$ 14,394,567	\$ 73,627
Bank overdraft	-	21,334,375	21,333,797	578
Due to other governments	6,409,206	11,297,107	14,751,199	2,955,114
Undistributed receipts	142,875	427,238	445,624	124,489
Total liabilities	<u>\$ 6,584,730</u>	<u>\$ 47,461,952</u>	<u>\$ 50,925,187</u>	<u>\$ 3,153,808</u>

COUNTY OF NEWAYGO, MICHIGAN
Balance Sheet - Governmental Funds
Drain Commission Component Unit
September 30, 2007

	Drain	Drain Revolving	Brooks Lake Board
Assets			
Cash and cash equivalents	\$ 101,389	\$ 102,651	\$ 17,992
Special assessments receivable	485,980	-	3,725
Due from other funds	-	198,722	-
Total assets	<u>\$ 587,369</u>	<u>\$ 301,373</u>	<u>\$ 21,717</u>
Liabilities and fund balances			
Liabilities			
Deferred revenue	\$ 485,980	\$ -	\$ 3,725
Due to other funds	197,349	1,373	-
Advance to other funds	117,541	300,000	-
Total liabilities	800,870	301,373	3,725
Fund balances			
Unreserved, undesignated (deficit)	(213,501)	-	17,992
Total liabilities and fund balances	<u>\$ 587,369</u>	<u>\$ 301,373</u>	<u>\$ 21,717</u>

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
\$ 64,223	\$ 24,797	\$ 22,191	\$ 4,130	\$ 337,373
9,779	12,422	26,250	16,877	555,033
-	-	-	-	198,722
\$ 74,002	\$ 37,219	\$ 48,441	\$ 21,007	\$ 1,091,128
\$ 9,779	\$ 12,422	\$ 26,250	\$ 16,877	\$ 555,033
-	-	-	-	198,722
-	-	-	-	417,541
9,779	12,422	26,250	16,877	1,171,296
64,223	24,797	22,191	4,130	(80,168)
\$ 74,002	\$ 37,219	\$ 48,441	\$ 21,007	\$ 1,091,128

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
on the Statement of Net Assets
Drain Commission Component Unit
September 30, 2007

Fund balances - total governmental funds	\$ (80,168)
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets being depreciated, net	243,790
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Certain assets, such as special assessments receivable, are not due and receivable in the current period and therefore are offset with deferred revenue in the fund statements.

Add: deferred revenue on special assessments receivable	<u>555,033</u>
---	----------------

Net assets	<u><u>\$ 718,655</u></u>
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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances - Governmental Funds
Drain Commission Component Unit
For the Year Ended September 30, 2007

	Drain	Drain Revolving	Brooks Lake Board
Revenue			
Interest	\$ 12,750	\$ -	\$ -
Special assessments	230,175	-	7,022
Total revenue	242,925	-	7,022
Expenditures			
Public works	238,526	-	-
Capital outlay	-	-	3,342
Total expenditures	238,526	-	3,342
Net changes in fund balances	4,399	-	3,680
Fund balances (deficit), beginning of year	(217,900)	-	14,312
Fund balances (deficit), end of year	\$ (213,501)	\$ -	\$ 17,992

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
\$ -	\$ -	\$ -	\$ -	\$ 12,750
74,649	18,583	27,547	11,154	369,130
74,649	18,583	27,547	11,154	381,880
-	-	-	-	238,526
10,675	11,292	46,469	15,282	87,060
10,675	11,292	46,469	15,282	325,586
63,974	7,291	(18,922)	(4,128)	56,294
249	17,506	41,113	8,258	(136,462)
\$ 64,223	\$ 24,797	\$ 22,191	\$ 4,130	\$ (80,168)

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
on the Statement of Activities
Drain Commission Component Unit
For the Year Ended September 30, 2007

Net change in fund balances - total governmental funds	\$ 56,294
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Subtract: depreciation expense	(25,689)
--------------------------------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Subtract: change in special assessments receivable	<u>(38,098)</u>
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Change in net assets	<u><u>\$ (7,493)</u></u>
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COUNTY OF NEWAYGO, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

For the Year Ended September 30, 2007



NEWAYGO COUNTY, MICHIGAN SINGLE AUDIT ACT COMPLIANCE

Table of Contents For the Year Ended September 30, 2007

	<u>PAGE</u>
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditors' Report on Compliance with Requirements Applicable to Major Programs and Internal Control over Compliance in Accordance with OMB Circular A-133	5-7
Schedule of Findings and Questioned Costs	8-10

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NEWAYGO COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through Michigan State Housing Development Authority:				
Community Development Block Grant	14.228	MSC-2006-0789-HOA	\$ 263,633	\$ 104,226
U.S. Department of Justice				
Passed-through the Michigan Department of Human Services:				
Juvenile Accountability Incentive Block Grant 02/01/2007-01/31/2008	16.523	JAIBG-07-62001	21,175	11,590
U.S. Department of Health and Human Services				
Passed-through the Michigan Department of Human Services:				
Incentive Payments	93.563	-n/a-	-n/a-	119,530
Child Support Enforcement:				
Friend of the Court 10/01/2005-09/30/2006	93.563	CS/FOC-07-62001	533,245	465,712
Prosecuting Attorney 10/01/2005-09/30/2006	93.563	CS/PA-07-62002	127,055	103,900
Total U.S. Department of Health and Human Services				<u>689,142</u>
U.S. Department of Homeland Security				
Passed through Michigan Department of Human Resources:				
Boating Safety Financial Assistance 01/01/2007-09/30/2007	97.012	-n/a-	14,000	13,988
Passed through Michigan Department of State Police:				
Emergency Management Performance Grant 10/01/2005-09/30/2006	97.042	-n/a-	13,199	13,199
2005 Homeland Security Grant 10/01/2004-03/31/2007	97.067	-n/a-	18,564	16,764
2006 Homeland Security Grant - Solution Planner 07/01/2006-03/31/2008	97.067	-n/a-	26,714	13,975
2006 Homeland Security Grant - Full Scale Exercise 01/01/2007-09/30/2007	97.067	-n/a-	3,000	2,131
Total U.S. Department of Homeland Security				<u>60,057</u>
Total Expenditures of Federal Awards				<u><u>\$ 865,015</u></u>

NEWAYGO COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Newaygo County, Michigan (the "County"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the County's financial statements.

Amounts presented on the Schedule of Expenditures of Federal Awards agree with or reconcile to amounts presented in the financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

January 17, 2008

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan***, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated January 17, 2008. The report on the aggregate discretely presented component units was qualified for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Newaygo's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Newaygo's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Newaygo's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider finding 2007-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our considering of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 2007-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newaygo County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Newaygo County, Michigan in a separate letter dated January 17, 2008.

Newaygo County, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Newaygo County, Michigan's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Lehmann Johnson".



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

January 17, 2008

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

Compliance

We have audited the compliance of the ***County of Newaygo, Michigan*** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The County of Newaygo, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Newaygo, Michigan's management. Our responsibility is to express an opinion on the County of Newaygo, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*,¹² issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Newaygo, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Newaygo, Michigan's compliance with those requirements.

In our opinion, the County of Newaygo, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the County of Newaygo, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Newaygo, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Newaygo Michigan's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan***, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated January 17, 2008. The report on the aggregate discretely presented component units was qualified for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Newaygo County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The script is cursive and fluid, with the first name "Lehmann" and last name "Lobson" clearly distinguishable.

NEWAYGO COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified for all opinion units of the primary government. Adverse opinion on the discretely presented component units for the omission of the Road Commission and Medical Care Facility.

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified
not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? yes X no

NEWAYGO COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.563	Title IV-D
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

2007-1 - Material Audit Adjustments

Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition:	During our audit, we identified and proposed a material adjustment (which was approved and posted by management) to adjust the County's general ledger to agree with the delinquent taxes outstanding report generated by the County's tax software.
Cause:	This condition was the result of an oversight by management in reconciling the general ledger to the subsidiary detail at year-end.
Effect:	As a result of this condition, the County's accounting records were initially misstated by an amount material to the financial statements.
Recommendation:	We recommend that the County reconcile all general ledger accounts to subsidiary detail on a monthly basis in order to have a more accurate financial picture throughout the year.

NEWAYGO COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2007-1 - Material Audit Adjustments (continued)

View of Responsible
Officials:

The timing of the execution of this item has been noted by management and procedures have been developed to react to recent, dramatic changes in the collection of property taxes in Michigan as well as the ever-changing landscape regarding abatements, Industrial Facilities Taxes and increment financing mechanisms, to ensure that future delinquent tax numbers generated by the county's tax software are reconciled to the County's general ledger prior to the development of the annual audit. The County is working towards a goal of reconciling all general ledger accounts to the subsidiary detail on a monthly basis. As evidence of this there have been dramatic improvements in policies, procedures, and communications between the Administration Department and the Treasurer's Office.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2006-1 Identification of Federal Awards Expended

This finding was corrected in the current year.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

January 17, 2008

To the Board of Commissioners of the
County of Newaygo
White Cloud, Michigan

We have audited the financial statements of the County of Newaygo for the year ended September 30, 2007, and have issued our report thereon dated January 17, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated September 4, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the County of Newaygo's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Newaygo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Newaygo's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Newaygo's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Newaygo's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Newaygo are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the County of Newaygo during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the original cost and accumulated depreciation of its infrastructure capital assets placed in service prior to the adoption of GASB Statement No. 34 is based on current replacement costs, and an assumed rate of inflation from the dates of original acquisition/construction.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability.
- Management's estimate of the amounts due from local units for delinquent real property taxes receivable is based on the County's records of cumulative payments made for chargebacks over a span of many years.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County of Newaygo's financial reporting process (that is, cause future financial statements to be materially misstated). We proposed certain journal entries, all of which were recorded by management, which in our judgment, had a significant effect on the County of Newaygo's financial reporting process. In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

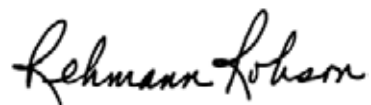
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Newaygo's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lehmann Johnson", is written in black ink.

County of Newaygo
Comments and Recommendations
For the Year Ended September 30, 2007

In planning and performing our audit of the financial statements of the County of Newaygo as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

Other Matters

Reconciliation of Cash and Investment Accounts

As part of our audit of the County's cash balances, we examined copies of the monthly bank reconciliations prepared by the County Treasurer's office. Based on our review, it appears that reconciliations are being performed timely. However, there still remain many reconciling items that are very old, and may require further adjustment to properly state the County's actual cash balances. While the amounts involved are not material to the County's financial statements taken as a whole, we would nevertheless encourage the Treasurer's office to continue its efforts to identify and clear old reconciling items. In general, any checks still outstanding after one year should be escheated to the State Treasurer's office, in accordance with applicable statutes. We understand that the Treasurer's office was already well underway with this endeavor before we began our audit, and would like to commend the County for its efforts thus far, and encourage it to continue this process until all of the County's accounts are completely free from noncurrent reconciling items.

County of Newaygo
Comments and Recommendations
For the Year Ended September 30, 2007

Departmental Review of Capital Asset Records

During the year, the Board adopted policies for purchasing and disposition of capital assets. These policies set guidelines for departments to follow when it is determined that an asset is no longer in use. However, the capital assets records are only being reviewed by the finance department, which may not be aware of disposals in other departments. We recommend that in future years, the capital asset listing be distributed to all departments with such assets to determine whether older items are still in the County's possession, and whether all current year purchases have been properly capitalized in accordance with the County's policy.

Subsidiary Detail for Inmate Trust Accounts

The County holds various funds in a fiduciary capacity in its agency funds. Such amounts should generally be supported by subsidiary ledgers which indicate the individuals or cases for which the funds are held. During our audit, subsidiary detail was unavailable to support the amounts held for inmates at year-end. We recommend that the County implement a procedure to ensure that subsidiary detail is being generated each month and reconciled to the monthly bank statement.

Delinquent Tax Chargebacks

In connection with its responsibilities to administer the delinquent tax collection process for all local governments within the County, the Treasurer's office makes a substantial number of refund payments to individual tax payers (e.g., for board of review changes, or based on judgments of the Michigan Tax Tribunal). In such cases, the County is then eligible to receive reimbursement from the local units affected by such tax refunds in the form of property tax "chargebacks". Through our discussions with the County Treasurer's office, it appears that the County did not properly invoice the local units for these chargebacks over a period of many years. Accordingly, the County now has a significant receivable on its books that has not been collected for some time. The Treasurer's office has undertaken the task of reconciling and invoicing these long-overdue chargebacks, and at the time of our audit was finalizing the payment schedules with each of the local units.

* * * * *

Newaygo County
Schedule of Adjustments Passed (SOAP)
For the September 30, 2007 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
General Fund					
Variance (understated on GL) between tax: receivable calculation and general ledger	\$ (5,752)	\$ -	\$ -	\$ 5,752	\$ -
County Jail					
Variance between A/P subsidiary detail and general ledger	-	(1,400)	-	-	(1,400)
Governmental Activities					
Error in prior year compensated absences amount	-	(29,830)	29,830	-	(1,400)
Total Governmental Activities	\$ (5,752)	\$ (31,230)	\$ 29,830	\$ 5,752	\$ (2,800)
Fiduciary Funds					
Unreconcilable variance between bank statement and general ledger balance for undistributed receipts from inmates	\$ (3,078)	\$ (3,078)	-	-	-
Variance between subsidiary detail for 1999-2004 chargebacks and general ledger balance	14,411	14,411	-	-	-
Variance between subsidiary detail for 2007 chargebacks and general ledger balance	(74,607)	(74,607)	-	-	-
Difference between subsidiary detail from bonds payable and general ledger balance	3,092	3,092	-	-	-
Total Fiduciary Funds	\$ (60,196)	\$ (60,196)	\$ -	\$ -	\$ -